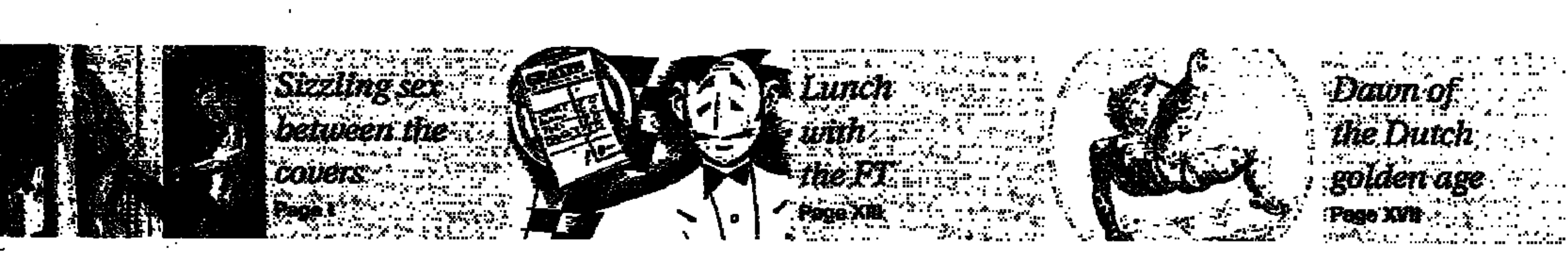


Clinton in Europe

Persuading sceptics at home and abroad

Jurek Martin, Page 8

FINANCIAL TIMES

Europe's Business Newspaper

WEEKEND JANUARY 8/JANUARY 9 1994

Secret payments by Lonrho alleged

Writ claims director got £555,000 for help against Fayeds

By Robert Peston and Roland Rudd

Lonrho is alleged to have paid £555,000 to the former finance director of House of Fraser, a man who supplied damaging information on the owners of Harrods to the Bank of England and a House of Commons select committee.

Details of the alleged secret payments to Mr Graham Jones, which included £100,000 paid into a Liechtenstein bank account, are disclosed in a writ lodged in the high court yesterday by House of Fraser, which is owned by the Egyptian Fayed brothers.

The Lonrho memo authorising the £100,000 payment to Mr Jones said it was for "his assistance with House of Fraser matters".

House of Fraser is suing Mr Jones for breach of confidence. The writ says that in 1990 Mr Jones supplied financial information to Lonrho which helped the conglomerate in its propaganda war against House of Fraser.

Mr Tiny Rowland, Lonrho's joint chief executive, had been fighting the Fayeds since 1985, when they bought House of Fraser for £615m. He had always wanted to own the store group and believed that the Fayeds had won it by deception.

Last October he made peace with the Fayeds and is understood to have given them documents allowing them to launch their case against Mr Jones.

"I will not make any comment at all," said Mr Jones, who resigned in November as chief financial officer of Qantas, the Australian airline, when asked yesterday about the payments.

The writ says that between April 1990 and June 26 1991, he received £555,418.07 from the Lonrho group. He had left House of Fraser in January 1990 with a compensation package the company described as substantial.

It also says that in June 1990, Mr Jones supplied information to a Bank of England manager, Mr Peter Filmer, that the Fayeds were not fit to own Harrods Bank, a small banking subsidiary of House of Fraser.

In April, Mr Jones had written to the Bank governor, at that time Mr Robin Leigh-Pemberton, now Lord Kingsdown, claiming that Mr Mohamed Fayed had wanted to circumvent regulations preventing the bank receiving a £100m deposit from the Sultan of Brunei.

The Bank was unaware that Lonrho was paying Mr Jones. In June 1991, it forced the Fayeds to surrender management control of Harrods Bank to an independent trustee, though the Fayeds retained control of non-voting shares in it.

However, it is understood that the Bank took this action mainly as a result of an investigation into the House of Fraser takeover by Department of Trade and Industry inspectors, which said that the Fayeds had dishonestly misrepresented their origins, wealth and business interests.

Mr Jones is also alleged to have informed the House of Commons Trade and Industry Committee, which was examining House of Fraser's ownership of Harrods Bank, that its banking facilities would be withdrawn in the following 18 months.

A member of that committee said yesterday that even if the committee had known Lonrho was paying Mr Jones, the committee would not have changed its view that the Fayeds should give up control of Harrods bank.

The writ says Mr Jones tried to persuade House of Fraser's banks to withdraw their loan facilities. Mr Ernie Cole, who was then a senior executive of Midland Bank, which was House of Fraser's lead bank, said yesterday he had several conversations with Mr Jones and was "not pleased" to be told of the alleged payments to him by Lonrho.

Mr Rowland yesterday referred all questions on his relationship with Mr Jones to the Fayeds.

Fayeds enjoy the truce, Page 4

Ulster peace talks close to stalemate as UK stands firm

The Northern Ireland peace process was heading towards stalemate after Sir Patrick Mayhew (left) underlined the UK government's determination not to respond to Sinn Féin's demands for clarification of the Downing Street Declaration. The Northern Ireland secretary's comments coincided with the strongest hint yet by Sinn Féin president Gerry Adams that the IRA would not renounce its 25-year armed struggle without such clarification. **Page 26; Unionist leader tests grass-roots backing, Page 6**

Viacom, the cable TV company, and Blockbuster Entertainment, the video rental group, saw their shares fall sharply as reports swept Wall Street that the two might announce a merger. Such a deal would strengthen Viacom's hand in its battle for Paramount. **Page 26; World stocks, Page 20**

Bias fading against Japanese cars: Corporate barriers to the purchase of Japanese cars are tumbling throughout Europe, according to a survey. **Page 26; UK car industry celebrates 11% sales rise, Page 7**

Inkatha spurns elections: South Africa's Zulu-based Inkatha Freedom party said it would not participate in the country's first all-race elections in April.

Japan's rates at six-year low: Japanese long-term interest rates fell to a six-year low due to pessimism over the economy and speculation of an imminent discount rate cut. **Page 3**

Bosnian appeal to UN: Bosnia's Moslem president has appealed to the UN Security Council to halt a rebel Serb assault on Sarajevo after eight people died and at least 61 were wounded in the heaviest fighting for months in the capital. **Belgrade's army fights in Bosnia, Page 2**

Life assurance delay: Life assurance customers are unlikely to get better information from all sales agents until the start of next year. **Page 7**

Authority acts over foetal egg row: The Human Fertilisation and Embryology Authority said its members had overcome their initial distaste over using eggs from aborted foetuses to treat *infertility*. **Page 7**

Release of PLO prisoners starts: Israel began releasing 101 Palestinian prisoners as a goodwill gesture ahead of the resumption of peace talks with the PLO, Israeli security sources said. **PLO and Jordan in monetary accord, Page 3**

Warning for steel industry: The west European steel industry may have to cut more than 33,000 jobs in 1994, the European Commission warned. **Page 2**

Shorts to shed 400 jobs: Shorts, the Belfast-based aerospace firm said it was planning to shed up to 429 jobs. **Page 4**

Kidnap father jailed: British businessman Peter Malkin, 54, was jailed for 18 months for kidnapping his 12-year-old son from his ex-wife's home in France two months ago. Family Division President Sir Stephen Brown at the High Court said Mr Malkin was guilty of "gross, calculated and deliberate defiance" of a court order.

Storms lash western Europe: Blizzards, high winds and torrential rain lashed western Europe, killing several people, wreaking havoc on the roads and seas and forcing dozens of people to flee their homes. 133 flood warnings issued in southern England, **Page 6; Weather, Page 26**

Changes to share price listings

Shares listed in the FT are now arranged according to a revised list of industry sectors. Some securities have changed categories and some sectors have been merged, split, or given new names. A full alphabetical listing of stocks from these pages, together with the new sectors in which they can be found, is contained in this issue. The new sectors are those drawn up by the FT-SE Actuaries Classification Committee for the All-Share Index. End-1993 valuations for the index sectors are shown in this edition, under the old classification and the new. Details, Weekend Page III

■ STOCK MARKET INDICES		
FT-SE 100:	3446.8	(+43.0)
Yield	3.41	
FT-SE Eurotrack 100	1485.12	(+3.83)
FT-SE-A All-Share	1705.99	(+1.3%)
Nikkei	18,124.01	(+242.02)
New York lunchtime		
Dow Jones Ind Ave	3889.51	(+5.53)
S&P Composite	468.49	(+1.28)
■ US LUNCHTIME RATES		
Federal Funds:	3%	
3-mo Treas Bills: Yld	3.068%	
Long Bond	[illegible]	
Yield	6.252%	
■ LONDON MONEY		
3-mo Interbank	5⅞%	(Same)
Liffe long gilt future:	Mar 119¼	(Mar 118[illegible])
■ NORTH SEA OIL (Argus)		
Brent 15-day (Feb)	$14.34	(14.5)
■ Gold		
New York Comex (Feb)	$387.2	(390.1)
London	$388.25	(388.75)

■ STERLING		
New York lunchtime:		
$	1.4935	
London:		
$	1.4905	(1.488)
DM	2.5934	(2.5886)
FFr	8.791	(8.7919)
SFr	2.1918	(2.1941)
Y	166.875	(167.482)
£ Index	82.3	(82.2)
■ DOLLAR		
New York lunchtime:		
DM	1.72695	
FFr	5.8765	
SFr	1.4655	
Y	111.65	
London:		
DM	1.7333	(1.7397)
FFr	5.886	(5.9085)
SFr	1.4705	(1.4745)
Y	111.825	(112.555)
$ Index	67.4	(67.7)
Tokyo close Y 112.48		

Reformers set for opposition role in Russia

By John Lloyd in Moscow

Russia's leading reformers believe they are unlikely to survive as members of the country's next government in the face of a surge in power of conservative forces.

Pro-market parties did badly in the parliamentary elections last month at the hands of nationalist and communist groups, which are now set to dominate the new parliament.

The reformers have told aides they are now preparing for an opposition role, and that the tide is flowing strongly in favour of a return to state-controlled, interventionist policies aimed at supporting industries and preserving employment.

Western advisers, who had been assisting reformers preparing an economic plan for a new government, are now pessimistic about the chances of a reformist government being appointed.

Professor Jeffrey Sachs, the Harvard University economist who advises Russian ministers, said last night that "it looks as if it's pretty far down the road towards the end for the reformers. The return of the old guard is not inevitable still, but it now seems the most likely outcome".

Mr Yegor Gaidar, first deputy prime minister and the reformists' leader, said that a "close coalition" of communists and nationalists had been formed which was "imposing conditions" on the choice of leaders of the new parliament, which meets for the first time next Tuesday.

He said the party he leads, Russia's Choice, would take no further part in talks on the appointment of a parliamentary speaker.

At the same time, a range of decisions taken by President Boris Yeltsin and by Mr Viktor Chernomyrdin, the prime minister, point to their acceptance of the need for a centrist economic course in which industries – including military plants – will be heavily subsidised and a strong push made to form a tight economic union with former Soviet republics under Russia's leadership. Reformers say such a course would destroy any hope of financial stabilisation because of these republics' needs for cheap credits and subsidised energy.

An agreement in principle reached this week between the prime ministers and central bank chairmen of Russia and Belarus

Continued on Page 26
Old ways die hard, Page 2

Bush fires reach Sydney suburbs

A resident of Sydney's northern suburbs hoses down his roof in an effort to hold back the flames as Australia's worst bush fires in a decade raged only 10km from the city centre.

Three people have died, and yesterday thousands were evacuated. Up to 70 houses were destroyed, some exploding in the intense heat. Unless weather patterns change, police estimate that at least 3,000 homes will be lost in New South Wales.

The fires, which stretch along 800km of the state's coastline, are being fought by more than 7,000 firefighters, helped by soldiers and sailors.

Sydney centre is not under threat, although the smell of burning eucalyptus trees and black smoke has reached the city, and power has been interrupted.

Picture: Reuters

New status of French bank 'will boost franc'

By David Buchan in Paris

The Bank of France's new independence in setting monetary policy would help to fight inflation and reinforce the "international credibility" of the franc, Mr Edouard Balladur, French prime minister, said yesterday.

Installing the central bank's new board and monetary policy committee, Mr Balladur told its members that they now had the "very heavy responsibility . . . of being the guardians of the nation's currency".

He promised to "scrupulously observe" the independence of the bank's nine-member monetary policy committee, who are forbidden by law to accept or solicit outside instructions in determining interest rates.

The new bank law, closely modelled on the Bundesbank statutes, gives the prime minister and the economy minister the right to attend – but not to vote at – monetary meetings. Mr Balladur said he would exercise this right "rarely, but, like the German chancellor with the Bundesbank, I will do when it seems right".

He and Mr Edmond Alphandéry, the economy minister, attended the start of the first

Continued on Page 26
Trichet interview, Page 2

Ladbroke shares rise as Stein bows out early

By David Blackwell

Mr Cyril Stein is bowing out early from Ladbroke Group, the hotels and leisure company he built from a small bookmaker into a member of the FT-SE 100.

Mr Stein, 66 next month, announced in September that he would step down as chairman at the end of 1993 after 37 years at the head of Ladbroke. He planned to stay as a non-executive director for a further three years and to head the property division, but yesterday Ladbroke said he had decided to resign.

The company's shares put on 14p on the news, closing at 194p, on the expectation that Mr Stein's departure would allow new management to impose its own style. The City had feared that a formidable personality like Mr Stein would find it impossible to take a back seat.

But there was sadness that, as one analyst said, "the departure of a chairman who has done great things for the company should be greeted by a

Continued on Page 26
London shares, Page 15
Lex, Page 26

European markets up as rate fears ease

By Terry Byland and Michael Morgan

Stock markets in Europe advanced yesterday after significantly improved employment statistics from the US eased fears of upward pressures on global interest rates.

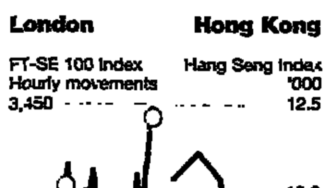
In London, renewed buying of UK stocks from across the Atlantic drove the FT-SE 100 index ahead by 43 points to 3,446, and the FT-SE Mid 250, covering a broader range of shares, rose 63.5 to an all-time high of 3,912.5.

As in the hectic trading during the run-up to Christmas, it was US buying of London stock index futures which ignited the share market. However, prices were often forced higher yesterday because the unwillingness of investors to sell shares has left marketmakers very short of stock.

British government bonds were also sharply higher, gaining more than ¾ of a point as interest rate fears subsided.

However, south-east Asian markets tumbled for a second day as Kleinwort Benson, the British securities house, added its voice to those downgrading their view of Pacific Rim markets.

Earlier in the week, Japan's



Nomura cut its weightings on Hong Kong, Kuala Lumpur and Manila, preferring Tokyo instead. Morgan Stanley took the view that equity markets had reached unsustainably optimistic levels and recommended a shift from shares to cash.

Bangkok saw yesterday's biggest fall, plunging 5.5 per cent, while Kuala Lumpur fell 4.6 per cent. Manila fell 4.1 per cent and Taiwan 3.9 per cent. Hong Kong declined another 3.3 per cent in record turnover.

London shares, Page 15; World stocks, Page 21; Lex, Page 26; Markets, Weekend, Page II

CONTENTS

Austria Sch32; Bahrain Din1.250; Bermuda $1.65; Belgium BFr65; China Fec 14.0; Canada C$1.[illegible]

Yeltsin seems less concerned about the dangers of stoking up inflation, writes **John Lloyd**

Reform politicians lose spirit as old ways die hard in Russia

Russia's pro-market reformers are under siege and economic change, already a battered concept, is again in doubt.

Since last month's election, which saw a surge by ultra-nationalist, communist and communist-inclined parties, the small band of economic radicals around first deputy premier Yegor Gaidar have been fighting to win over President Boris Yeltsin.

They have been trying to convince him of one thing: that the parliamentary election results should not mean a change of economic course.

To drop reforms before they have been properly tried or even introduced, they argue, would mean to lose everything.

But they now fear it has not worked. They are privately preparing for an exit from the political stage.

Nothing is yet definite and Mr Yeltsin has in the past surprised everyone with his ability to buck trends and back reform. But they believe the immediate future is bleak.

There is ample evidence. Mr Yeltsin, in his pronouncements since the election, has been unclear what he wants. Now he says reform will continue, now he counsels caution.

More importantly, he has made decisions that point to a conviction that production must be supported, even if this drives inflation up again. In December inflation was down to around 10 per cent a month, an all-year low.

Mr Yeltsin has seen a number of big industrialists and they have all demanded cash. Many, including the giant agricultural equipment maker, Rostelmash, have got it, as has Russia's car industry. The GAZ car plant, whose workers are all temporarily laid off this month, will introduce a new luxury model, the GAZ 3105, within two years.

The cash-strapped defence industry has also got some relief. The MiG plant, which has long made Soviet fighters, has produced a prototype MiG110 passenger/cargo aircraft that will go into production in 1998. A new bomber from the Sukhoi plant, the SU-34, will replace the present SU-24 (produced to match the US F-111).

Mr Yeltsin has also signed a decree allowing $500m to be spent on a new parliament – a decision Mr Gaidar criticised, saying it had not come before the government and if it had he would have voted against it.

"All of these decisions point in one direction," said an economist working for the reformists yesterday. "It shows he no longer cares for the effect on inflation."

This is largely blamed on the growing power of advisers around him who are much more conservative than his chief of staff, Mr Sergei Filatov. Mr Filatov is linked to Mr Gaidar as both are members of Russia's Choice, the main liberal party.

The daily Sevodnya this week ran an apparently well founded report that Mr Filatov has lost a lot of ground after his failure to secure election victory for the reformers. According to the report, Mr Viktor Ilyushin, conservative head of the president's chancellery and an old comrade from Mr Yeltsin's days as Communist Party secretary in Sverdlovsk, now guards access to him and influences his choice of decrees.

At the same time, the appointment of ministers and creation of a new programme are the subject of the bitterest struggle behind the scenes.

Mr Viktor Chernomyrdin, the prime minister, has said that the government's size will be cut to just four deputy premiers (the inner cabinet) and 30 ministers.

But the decree that would appoint Mr Gaidar as one of two first deputy premiers, with Mr Oleg Soskovets as the other, has twice gone to Mr Yeltsin for signature and twice been blocked.

The fate of the other two main reformers – Anatoly Chubais and Boris Fyodorov – hangs in the balance. Both are said to be wary of taking part in the new government, especially if Mr Viktor Gerashchenko, head of the Central Bank, remains in his post.

Mr Gerashchenko, who has long advocated re-creating an economic union, appears to have scored a notable victory earlier this week. It came when the prime ministers and central bankers of Russia and Belarus signed an agreement in principle for an economic union.

The pact would give Belarus the right to use the Russian rouble and to determine the amount of cash and credits it would get. This would in effect make Minsk, the Belarus capital, a second centre for the emission of roubles and give its ailing industries a credit lifeline to the Russian central bank.

This type of agreement is likely to be extended to the Central Asian republic of Tajikistan.

It is seen by Russian conservatives as a model for preserving industrial and economic links, gravely damaged over the past two years. It is also seen as a model for extending the power of the Russian state, one of the main themes in the successful electoral campaigns of the nationalists and communists.

For the reformers, it is a return to the politics of hyperinflation. They thought they had stemmed hyperinflation last year when credits to other former Soviet republics were choked off and inflation fell as a result.

The new parliament is likely to be dominated by nationalist and communist forces and their allies.

The pro-market parties – Russia's Choice, the Yabloko group and the Party of Unity and Accord – have failed to agree with each other. Mr Gaidar said on Thursday that Russia's Choice had pulled out of talks aimed at agreeing on a Speaker for the lower house, or State Duma, because the nationalists and communists were now controlling the agenda in talks with Mr Chernomyrdin.

Russia this weekend celebrates the orthodox Christmas, and all official business is suspended. Next week sees the convention of the new parliament, and the visit to Moscow of President Bill Clinton.

It is still possible a reform course will again be taken. But the reformers say it is more likely that reform will fall victim to popular discontent, conservative pressure and their own inability to unite.

Russian Orthodox Patriarch Alexei II (top) conducts a Christmas eve mass at Bogoyevlensky cathedral. For these women worshippers this is only the third year Christmas has been openly celebrated in Moscow Reuter

Eastern Europe asks Nato for more

By Christopher Bobinski in Warsaw and Robert Mauthner in London

Four former Warsaw Pact countries yesterday reluctantly accepted a US-inspired Nato plan offering them closer links with the alliance, but demanded assurances that it would eventually lead to full membership.

The "Partnership for Peace" project, due to be endorsed by Nato leaders at a summit in Brussels next week, has disappointed the east European countries and Lithuania because it falls short of offering the explicit security guarantees which go with full membership.

A statement issued yesterday in Warsaw by the defence chiefs of Poland, Hungary, the Czech Republic and Slovakia made clear that the four countries, while accepting the Nato offer for the moment, were keeping up pressure for a firm alliance commitment to full membership in the future.

The four ministers, whose countries are collectively known as the Visegrad group, have sought membership of Nato for fear of being isolated while new threats were developing to their security from an increasingly unstable Russia, currently in the grip of resurgent nationalism.

Russia, however, has warned Nato not to give full membership to its four former allies, which would expand the alliance eastwards to Russia's own frontiers and infuriate the country's military leaders.

This warning has been taken on board by US President Bill Clinton and other western leaders, who are particularly anxious to avoid strengthening the position of extreme Russian nationalists like Mr Vladimir Zhirinovsky and undermining President Boris Yeltsin's reform programme.

In Washington, Mr Warren Christopher, the US secretary of state, went on record with a statement that the Nato plan should be open to all eastern European countries, without discrimination. "We welcome the anticipation of Russia's membership in Partnership for Peace," he said yesterday.

Germany, the strongest western advocate of east European membership of Nato, said it could go no further than it had already done to help the eastern European countries' ambitions. "What these countries want – to be sure that nobody can attack them without Nato intervening – is something they cannot get, at least not in the initial phase," Mr Klaus Kinkel, the German foreign minister said in Bonn.

David Buchan adds from Paris: France yesterday stepped up its campaign for Nato to endorse the European Union's peace plan for Bosnia and to act to enforce United Nations resolutions there.

In a letter to France's 15 Nato partners, Mr Alain Juppé, the foreign minister, asked the allies to back the peace plan, to reaffirm their commitment to sending more troops to enforce any peace settlement and to help enforce the UN-approved interim measure of creating safe havens for Moslem refugees.

France is effectively trying to mount a double-or-quits strategy. It is seeking to persuade the US to give military help to reopen the Tuzla airfield in northern Bosnia and to enable an armoured column of Danish peacekeepers to reach besieged Moslems in Srebrenica.

If the US and the rest of Nato do not respond at next week's Brussels summit, the French government has indicated that it might succumb to growing European sentiment and pull its troops out of former Yugoslavia altogether.

Axe hovers over 33,000 steel workers

By Andrew Hill in Brussels

The west European steel industry may have to cut more than 33,000 jobs in 1994, the European Commission warned yesterday. It said 1994 would be a particularly bad for job losses in the steel industry, which is being forced to restructure to cope with lack of demand and overcapacity.

According to the most recent figures submitted by the 12 EU member states, 337,500 people are employed in the EU steel industry – more than a third of them in Germany.

The Commission said in its "forward programme" for the steel industry, published yesterday, that job losses "might well reach or even exceed 10 per cent of the workforce" in 1994. It warned that the greatest impact would be felt in Germany, Italy and Spain, but all member states except Denmark and Ireland would be affected by job losses.

However, Brussels also sent a strong signal to EU steel producers that they must not shy away from promises to cut production as soon as possible.

"The fundamental restructuring announced by the [EU] steel industry is... still vital and the fact that there are no prospects of an improvement in the steel market means that urgent decisions have to be taken regarding a reduction in production capacity," the Commission warned.

The Commission forecasts that production of crude steel will slip from an estimated 128.9m tonnes in 1993, to 126.5m tonnes in 1994, with net actual consumption remaining unchanged at just over 116m tonnes.

Just before Christmas, EU industry ministers approved Ecu6.8bn of state subsidies for publicly owned steelmakers, in exchange for capacity cuts amounting to more than 5m tonnes. The Commission is now urging non-subsidised steel producers to carry out their side of the bargain, and cut production by a further 25m tonnes, to ease overcapacity. Private steelmakers have protested strongly about the compromise on subsidies and predicted dire consequences.

Commission officials said demand was unlikely to pick up in 1994. But they said EU rescue plans – including the deal on state aid and previously agreed programmes of financial support, and protection from cheap non-EU steel imports – would help ease steel producers' financial situation in the second half of 1994.

German economists call for interest rate cut

By Christopher Parkes in Frankfurt

Germany's respected Ifo economics institute yesterday added its voice to a growing chorus calling for the Bundesbank to help push the economy out of recession with lower interest rates.

But the bank appeared determined not to move until it had a clearer picture of inflationary prospects. Mr Hans Tietmeyer, Bundesbank president, said on Thursday night that monetary policy had been put on "hold" until policy-makers had more information.

"We will wait until we can see how things develop," he said after a routine council meeting at which the short-term discount and lombard rates were left unchanged at 5.75 per cent and 6.75 per cent respectively.

The Munich-based Ifo recommended a reduction in money market rates to about 3 or 4 per cent by the end of this year. Experience showed that reduced short-term rates did not result in higher long-term rates.

As Mr Tietmeyer stressed at his Thursday meeting with journalists, more than two-thirds of all private investment in Germany is financed with long-term borrowings. The central bank traditionally focuses most of its attention on this end of the money market.

The call from Ifo followed earlier accusations from the DIW institute in Berlin that the Bundesbank's go-slow policy was prolonging the recession. The discount and lombard rates were last cut on October 22.

More information on inflationary trends – notably the latest consumer price figures and end-of-year money supply figures – will be available for consideration at the bank's next council meeting on January 20.

The bank yesterday confirmed earlier estimates which showed the M3 measure of money supply growing at an annualised rate of 7.2 per cent in November, well above the upper limit of last year's target range of 4.5 to 6.5 per cent. Inflation is also expected to be pushed up this month by new duties on fuel and higher charges for services.

The bank, which last month tightened its M3 target range to 4 to 6 per cent, has already warned that it expects money supply figures early this year to be distorted by a "monetary over-hang" from last year.

Trichet outlines vision of 'open and democratic' independent central bank

David Buchan and John Ridding meet the Bank of France governor

An old institution was reborn yesterday: 194 years after being created by Napoleon to help him wage war on Britain, the Bank of France has been made independent, the better to wage war on inflation and to protect the franc from the vagaries of political interference.

Yesterday saw the formal installation by Prime Minister Edouard Balladur of the central bank's Monetary Policy Committee, whose nine members are forbidden by law from "accepting or soliciting" outside instruction in the determination of French interest rates.

But how will the team operate under the 1993 law which, for all its extensive borrowing from the Maastricht treaty and the statutes and experience of independent central banks in Germany and the US, creates a distinctive Gallic model?

In his first press interview following this week's nomination of the MPC, Mr Jean-Claude Trichet, governor of the Bank of France, spelt out some of the guiding principles in the committee's composition and future operation.

In addition to Mr Trichet and his two deputy governors – Mr Denis Ferman and Mr Hervé Hannoun – six outsiders have been chosen by the Balladur government and President Mitterrand to sit on the committee from a shortlist of 18 names proposed by the presidents of the National Assembly, the Senate and the Economic and Social Committee.

Roping so many institutions and leaders into the nomination process ensures the MPC's composition is "the least contested possible," says Mr Trichet.

Paradoxically, too, he says centralised France may have actually produced a more diverse body to steer its monetary policy than in federal Germany or the US where regional central bankers make up much of the Bundesbank and Federal Reserve boards.

The six outsiders come from finance, insurance, industry, academe, journalism and politics. "With such outstanding personalities, I wonder if one does not have more diversity than in a federal system, whose regional banks are inevitably filled by people with the same career and professional experience."

Precisely because the outsiders are so diverse, much may fall on the shoulders of Mr Trichet and his two deputies, certainly at the outset, though the governor stresses the new "collegiality of decision-making". The Bank of France has not yet set its monetary targets for 1994 but is likely to have to do so by the end of the month.

These targets will probably be announced at a press conference, which the hitherto secretive Old Lady of the Rue de la Vrillière has rarely indulged in. "In a democracy, I believe that an independent institution should both listen and explain itself," says Mr Trichet.

Referring to the bank's democratic accountability as absolutely central, Mr Trichet sees two important bridges between the central bank and the executive, and the legislature. In the first case, the government has access to the MPC – the prime minister or the economy minister can attend meetings but they have no vote, as in Germany.

"The experience in Germany is that this is a good thing, it allows communication between government and central bank while the law is unambiguous in protecting the latter's independence."

Of considerable importance – not least to the French parliament's desire to increase its feeble powers under the Fifth Republic – is the Bank of France's new answerability to deputies. Mr Trichet must now report at least once a year to the National Assembly and the Senate, which can also summon him to appear before them more often. "The bank governor can also ask to be heard by these bodies – it is a symmetrical arrangement, which could be useful... I think it is a duty for the governor to be as active as possible in his relations with the parliament and its finance committees," says Mr Trichet.

The outcome could be a mixture between the practice of the Fed chairman making set-piece appearances before Congress and the Bundesbank's tendency to rely more on press conferences. One practice of the Fed's open market committee that Mr Trichet seems loath to adopt is delayed publication of the minutes and votes of past committee meetings. "I think that whatever the vigour of internal arguments and debate, the credit of our institution will depend very much on the unity it projects, once decisions are taken."

Mr Trichet does not appear to anticipate much internal argument over the price stability which the law sets as the MPC's overriding goal, but does not define precisely. Defining price stability is, he says, "more an art than a science... but I don't think anyone in the world would consider that a rate of 2 per cent inflation [the current rate in France] is abnormal from the point of stability".

He is keen to dispel the charge of being "a monetary Ayatollah" which some levelled at him last summer, when as director of the Trésor he fought to maintain the value of the franc against the D-Mark. He sees no contradiction between an rigorous anti-inflation policy and best possible borrowing terms on the markets.

"With all the financial markets interconnected, once you get outside the area of very short-term rates which can be controlled by a national monetary authority, your rates depend on a judgment by investors around the world. Your credibility and stability – if they are perceived as real by investors – give you an immediate advantage in the market. [Central bank] independence is a plus for this credibility and stability." Mr Trichet flourishes yield charts to show that, Japan apart, France has the lowest rates among the Group of Seven countries.

Cautioning against recent errors in forecasting European or world growth trends, Mr Trichet nonetheless concedes that France is locked into continental Europe's current sluggish cycle. But he argues that France is well poised for faster growth because of the country's trade surplus, the good cash flow of its larger companies and the net creditor position of its households.

Yet it seems most unlikely that the Bank of France will use its new independence to make a dash for growth – any more than it will make a dash for a partial monetary union in Europe.

The Bank of France may now resemble the Bundesbank. "But I refuse completely to engage in discussions of accelerating monetary union, a two-tier or a three-tier Europe... We have got to make Maastricht live and apply it scrupulously, and this I intend to do with Hans Tietmeyer (the Bundesbank president), with Eddie George (the Bank of England governor) and my nine other European central bank colleagues."

The Conseil des Bourses de Valeurs (CBV), the French stock market watchdog, has appointed Mr René Barbier de La Serre, chief executive of the Crédit Commercial de France (CCF) banking group, as its chairman, writes Alice Rawsthorn in Paris.

He will replace Mr Bruno de Maulde, who resigned last week to join the newly independent Bank of France's monetary policy council.

Mr de La Serre, 53, has spent most of his career in banking but has for some years been a member of the CBV.

● France yesterday announced it had chalked up another healthy trade surplus in October, confirming it is well on its way to a record surplus for 1993, Reuter adds.

Provisional customs office data showed a seasonally adjusted trade surplus in October of FFr8.7bn (£1bn) against a revised surplus of FFr9.91bn in September.

Trichet: more diversity than Fed or Bundesbank Terry Kirk

Belgrade's army fights in Bosnia

By Laura Silber in Pancevo

Regular Yugoslav troops are being deployed in Bosnia, United Nations officers on the ground confirmed yesterday.

In a week in which the international community has been criticised by senior UN officials for failing to stop the war in Bosnia, Norwegian Captain Jantora Strandas with the Nordic contingent, yesterday verified that Yugoslav army paratroopers are routinely engaged in hostilities in Bosnia.

His comments refute claims by Serb leaders that they have not supported Bosnian Serb forces, who control 70 per cent of the republic.

It also undermines demands this week by Belgrade for the lifting of sanctions, imposed 19 months ago over the violent partition of Bosnia.

Observers and local residents have confirmed the long-term presence of Yugoslav army paratroopers and vehicles in northern and eastern Bosnia. "Just stand in Zvornik (on the Bosnian-Serb frontier) and watch the Yugoslav army cross over," Capt Strandas said yesterday at the UN Pancevo base, near Belgrade.

His remarks follow a scathing denunciation of the UN by outgoing commander of UN Protection Forces in Bosnia, Belgian General Francis Briquemont, for a "fantastic gap" between resolutions and the political will to carry them out.

By way of illustration of the powerlessness of Unprofor against Serbian intransigence, Capt Strandas pointed to 11 German-made Leopard tanks. For three months, the tanks with their 105mm guns, have stood idle in an open shed, even though "they need exercise," he said.

Bosnian Serb leaders reneged on their pledge to allow the Leopards to cross frontlines to support UN troops in Tuzla, a government stronghold in north-eastern Bosnia, surrounded by Serb forces.

So, instead of a three-hour trip, the tanks will go on a three-day rail journey from Pancevo, through Hungary, Austria, and Italy, a sea voyage across the Adriatic to Croatia and then a drive through disputed territory in central Bosnia. What's more, the UN is being asked to pay $1m to Belgrade for their passage through Serbia.

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Benazir holds the cards in dynasty power game

Bhutto family feud leaves Pakistan party leadership and military unmoved, writes **Farhan Bokhari**

Nusrat Bhutto: angry at daughter

"This is not democracy, this is a police state. The day of celebrations has been turned into a day of mourning. What is the difference between the dictatorial regime of General Zia and this so-called democracy?"

These bitter words did not come from any ordinary opponent of Pakistan's prime minister, Ms Benazir Bhutto. The speaker was Mrs Nusrat Bhutto, her mother, after a week of family feuding triggered by the 66th birthday of the late Mr Zulfikar Ali Bhutto, respectively their father and husband.

"Benazir Bhutto is responsible for all these incidents. It is a shame on Benazir Bhutto," Mrs Bhutto said after police fired on a crowd of demonstrators on Wednesday, killing one and injuring seven.

The procession of several hundred people was attempting to march from the family estate at Larkana, in the southern province of Sind, to Mr Bhutto's grave on his birthday. Mr Bhutto was ousted as prime minister in 1977 and hanged in 1979 by the military regime of Gen Zia-ul-Haq on charges of ordering the assassination of a political foe.

His daughter, months after sweeping back to power in October's elections, is now locked in an extraordinary power struggle within her family, reminiscent of soap operas watched avidly by Pakistanis on satellite television.

Mrs Nusrat Bhutto, angry at being ousted from her position in the ruling party, is supporting her son, who is in jail on terrorism charges, against her daughter.

Mr Murtaza Bhutto, her son, faces charges of running an anti-government terrorism campaign during 16 years of self-imposed exile. He returned to Pakistan two months ago after winning election to the Sindh assembly from a seat in Larkana while still abroad. His mother supported him in the election.

After the election, Benazir Bhutto had her mother removed as co-chairperson of the ruling Pakistan People's party, leaving the prime minister herself in sole charge. Mrs Bhutto now wants her son to lead the party.

This week's eruption of the feud came after supporters of Mr Murtaza Bhutto refused to allow Ms Benazir Bhutto to visit her father's grave unless he was released on bail to preside over the birthday ceremonies.

The resulting confusion has seen armed police laying siege to "Al-Murtaza", ancestral home of the Bhuttos. Power supply to the house was cut and telephones disconnected. But at the same time, fireworks celebrating the late prime minister's birthday lit the sky and the music played on.

After the shooting, Mrs Nusrat Bhutto ordered her loyalists to cancel the ceremonies. Servants were told to cut a large cake and distribute it among the poor without fanfare. However, the prime minister's supporters continued to celebrate. She visited her father's grave amid tight security.

Mrs Nusrat Bhutto plans to demand a full parliamentary debate on Wednesday's events. Her daughter appears strong enough to keep her position, since there are few signs of any divide within the party leadership, and the powerful military and the bureaucracy do not want another change at the top after last year's political turmoil.

Nevertheless, the feud is embarrassing for the prime minister, who faces demands to remove from key positions party leaders who have been accused by Mrs Bhutto of being enemies of her late husband.

For many family members, Mr Murtaza Bhutto's return has provided him with the opportunity to claim leadership. His supporters are waiting for him to emerge from prison to exert his authority as the clan's *pugdaar* – the one entitled to wear the family's turban as a mark of leadership. However, the future of the charges against him remains unclear.

The family feud could come to a head again on April 4, the anniversary of the elder Mr Bhutto's execution. Once again, his grave could become the centre of his children's fight to lay claim to the family dynasty.

France criticised on terror suspects

By Ian Rodger in Zurich and David Buchan in Paris

Pressure is mounting on the French government to explain why it sent two Iranian murder suspects back to Iran last week, in the process breaking a formal agreement to extradite them to Switzerland.

The US state department said in a statement that it was "seeking clarification" from the French government. "The United States believes that the rule of law should be applied to terrorists," it said.

Earlier, Mr Arnold Koller, the Swiss justice minister, said in a newspaper interview that France's explanations for the move, which violated the European conventions on extradition and the repression of terrorism, had so far been "wholly inadequate".

In France too, criticism was growing. Mr Gerard Fuchs, a Socialist party leader, said the government had dishonoured France. "It is sad that France has to take lessons from Switzerland on how to fight terrorism," Mr Fuchs said.

Prime Minister Edouard Balladur merely reiterated to journalists at a new year meeting yesterday what his officials said when announcing the decision, that it was related to the national interest.

Mr Alain Juppé, foreign minister, claimed in a radio interview that France had not given in to pressure from Iran, and had nothing to learn from Switzerland when it came to fighting terrorism.

The two Iranians, Moshen Sharif Esfahani and Ahmed Taheri, were arrested in France in 1992 at the request of the Swiss authorities in connection with the murder of Kazem Radjavi, the brother of a Mujahadeen leader, in a Geneva suburb in April, 1990.

Following their release on December 29, the Swiss foreign ministry made an official diplomatic protest, but officials said there was nothing more they could do as they did not want to sour relations with France.

However, Mr Koller's remarks suggest a subsequent toughening of the Swiss position, possibly in response to suspicions among the Swiss public that Bern was reacting spinelessly. He said the matter would be taken up at the meeting of the federal council (cabinet) next Wednesday.

He rejected accusations that Switzerland, like France, was not unhappy with a quiet resolution of a matter that could have sparked off fresh terrorism in both countries.

"Switzerland has already shown that it is willing to assume risks in the realm of terrorism. We extradited Iranians to France on two occasions in the context of the assassination of Shapour Bakhtiar (the former Iranian prime minister)," he recalled.

Job gains indicate solid growth

By Michael Prowse

Official data showing a fall in the US jobless rate to 6.4 per cent last month from a revised 6.5 per cent in November indicated solid economic growth at the end of last year.

Many Wall Street analysts, however, interpreted accompanying figures for payroll employment as signalling a modest deceleration in the pace of economic recovery. Slower – but still healthy – growth would reduce the pressure for an early increase in short-term interest rates.

Non-farm employment rose 183,000 last month against analysts' projections of an increase of about 225,000. The increase in November was revised down slightly to 202,000. Roughly 2m new jobs were created during last year as a whole.

The mix of employment gains was less encouraging than in previous months. Private-sector employment rose 147,000 against 200,000 in November. Manufacturing employment rose 2,000 against 26,000. Construction employment fell slightly after a gain of 34,000 in November.

Yesterday's figures appeared consistent with White House projections of annual growth rate of about 3 per cent in the current quarter down from an estimated 4-5 per cent in the fourth quarter of last year.

On Thursday Mr Robert Reich, labour secretary, predicted December data would show "employment rising, probably in the area of another 160,000 to 200,000". As this was below the consensus forecast in financial markets, bond prices rose as analysts' scaled back estimates of economic growth.

The fact Mr Reich's prediction was spot-on has revived charges he improperly leaked the highly sensitive data. Officials, however, say Mr Reich made an intelligent guess based on previously released figures.

Jordan, PLO sign bank deal

By James Whittington in Amman

Jordan and the Palestine Liberation Organisation yesterday signed a long awaited economic agreement which gives the Central Bank of Jordan wide-ranging monetary responsibilities in the occupied territories during the transitional period of Palestinian self-rule.

The deal was signed after three days of intense talks between Jordanian and PLO officials in Amman. It followed a speech by King Hussein last week in which he said the PLO had a "last chance" to come to an agreement.

Its main impact will be to clear the way for the re-opening of Jordanian banks in the West Bank and Gaza Strip which were closed following the 1967 war.

Non-Jordanian banks, such as the British Bank of the Middle East and ANZ Grindlays, which had both expressed an interest in re-opening their branches, have not been included at the moment.

A joint Jordanian-Palestinian monetary and banking committee will be established to work under the CBJ on monetary policies in the occupied territories during the interim period. It also provides for the continuation of the Jordanian dinar as legal tender in the territories. One third of Jordan's money supply is said to be in circulation in the West Bank.

The PLO leadership had previously postponed endorsing the deal, which has been ready since November, for fear of relinquishing too many Palestinian monetary responsibilities to the Jordanians. But the king's ultimatum, in addition to an agreement between Jordan and Israel to go ahead with the re-opening of banks without PLO consent, seems to have forced their hand.

Mr Mohammed Nashashibi, chairman of the PLO's department of economic affairs and planning, described the deal as "positive for both sides" and one which "will increase co-ordination between the Palestinians and Jordanians". Mr Jawad Anani, Jordan's minister of information, said the accord met "the level of our ambitions".

The agreement also provides for future co-ordination between Jordan and the PLO on joint projects in the fields of agriculture, industry, commerce and tourism.

It sets an initial figure of \$300m (£20om) for two-way trade across the Jordan River.

A right-wing Israeli (right) shouting yesterday at a left-winger while a plainclothes policeman tries to keep the two apart during a clash on the outskirts of Jerusalem between supporters and opponents of the PLO-Israel peace accord *Reuter*

France applauds Togo poll delay

France said yesterday a two-week postponement of Togo's parliamentary elections after an attack on President Gnassingbe Eyadema should be used to ensure the poll is fair and democratic, Reuter reports from Paris.

Doubts grow over economic recovery prospects

Japanese rates decline as pessimism deepens

By Emiko Terazono in Tokyo

Japanese long-term interest rates fell to a new six-year low yesterday because of mounting pessimism over the economy and speculation of an imminent discount rate cut.

The yield on the No 157 ten-year benchmark government bond fell to 2.97 per cent, breaching the 3 per cent level for the first time since June 1987. Delays in the government's announcement of an emergency economic package together with a big income tax cut have raised doubts over prospects for economic recovery soon.

The inability of Mr Morihiro Hosokawa, the prime minister, to take economic initiatives because of a parliamentary wrangle over political reform has fuelled expectations of a cut in the official discount rate, which is already at an historic low of 1.75 per cent.

Long-term interest rates have fallen steadily over the past year as hopes over the government's promised economic recovery have faded because of falling consumption, an ailing financial system, and a sharp rise in the yen. The yield on the 10-year benchmark has declined by more than 150 basis points from the start of last year.

Even if the government announces a package of fiscal support measures later this month, analysts do not expect interest rates to rise. "People need some convincing signs of an economic upturn to take profits, and that won't come until the spring," said Mr Robert Feldman, an economist at Salomon Brothers in Tokyo.

Another reason for the bond market rally has been the poor performance of the Tokyo stock market. Additionally, investors wary of foreign currency risk have avoided placing funds in overseas markets and have opted for domestic government bonds.

Although some investors are becoming cautious at current levels, many still expect yields to fall further, with the 10-year benchmark falling through the record low 2.55 per cent reached in April 1987.

Meanwhile, a fall in construction orders highlighted intensifying economic gloom. The Japan Federation of Construction Contractors said orders in November fell 16.6 per cent from the year before.

China pressed over N Korea

By William Dawkins in Tokyo

Japan is expected to press China to use its influence to encourage North Korea to allow international inspections of all its nuclear sites when Mr Tsutomu Hata, the Japanese foreign minister, arrives in Beijing today to meet his counterpart, Mr Qian Qichen.

"This is of vital, vital interest to both countries" and Japan expected China to play a "big role", said a foreign ministry official. Earlier in the week, North Korea agreed in principle to allow International Atomic Energy Agency inspections of seven sites, but did not agree to let inspectors visit two more suspected and undeclared nuclear facilities.

Mr Hata's two-day visit is his third meeting with the Chinese foreign minister since Japan's coalition government took power last August. Contacts have increased partly for economic reasons, as bilateral trade between China and Japan rose to an estimated record \$35bn last year, from \$25.3bn in 1992.

China is still unsure of the new government in Tokyo. It wants to maintain continuity of relations with Japan, which it sees as an important intermediary with the US, as well as a trade partner. Japanese loans to China, nuclear testing and environmental policy could also be discussed, said Japanese officials.

Tokyo may act in drugs row

By Emiko Terazono

Japan's ministry of health and welfare is considering disclosing its evaluation procedure for new drugs, after the death of 20 patients who took a cancer drug during clinical tests.

The ministry is trying to alleviate public criticism over the approval by the Central Pharmaceutical Affairs Council last month of irinotecan hydrochloride, a lung, uterine and ovarian cancer drug which also causes diarrhoea and a decrease in white blood corpuscles.

From March, the Health Ministry is expected to inform hospitals and medical associations on how it examines and evaluates new medicines during screening and provide doctors and pharmacists with clinical data of the checks.

Ministry officials have blamed drug companies for not providing sufficient information about new drugs, and says it wants to promote the proper use by providing information.

Before the anti-cancer drug case, 14 people died after taking sorivudine, a shingles drug, causing a rift between the Health Ministry, doctors and drug companies. Ministry officials blamed doctors for failing to read warnings against the combined use of the shingles drug with an anti-cancer agent, while doctors criticised the ministry and the drug maker for not placing conspicuous warnings.

Inkatha leader spurns elections

Chief Mangosuthu Buthelezi's conservative Zulu-based Inkatha Freedom party said yesterday it would not take part in South Africa's first all-race elections in April, Reuter reports from Durban.

The African National Congress, Inkatha's bitter rival, is widely tipped to win the elections. Inkatha has been aligned with some right-wing parties opposed to the elections.

Hong Kong suffers most from US-China trade arguments

A 25% cut in textiles quotas has raised a storm in China that threatens Hong Kong's entrepôt trade. **Louise Lucas** reports.

It takes just three words – Most Favoured Nation (MFN) – to send Hong Kong companies and government heads alike into a spin. Each year they lash out at the US administration for hurting Hong Kong interests when the real target is China.

But when US Trade Representative Mickey Kantor announced on Thursday that US quotas for China-made textile and garment goods would be slashed by 25 to 35 per cent the mood in the colony was remarkably subdued.

Remarkably, because re-export trade of China-made textiles and garments to the US accounted for HK\$25bn (£2.175bn) last year and, according to one trade lawyer's estimates, nine out of every 10 Hong Kong manufacturers now rely on factories in China for their output. Re-exports make up around three-quarters of the total volume of Hong Kong's trade: the US and China are its two biggest partners.

China, in contrast to Hong Kong, blasted the US decision as "irresponsible" and warned of possible retaliation. "This will have a serious impact on Sino-US trade relations," a statement from the Ministry of Foreign Trade and Economic Co-operation said. "If the US persists... this will force our side to take corresponding and retaliatory measures."

The statement said China wanted to continue to negotiate and did not outline the possible retaliation.

Mr Chris Jackson, deputy director-general of Hong Kong's trade department, said the government remained confident the two countries need each other too much to remain at loggerheads for long. For now, he said, there is no sign the move would effect Hong Kong's re-export trade: "What the US side has done is raised the stakes," he said.

Mr Henry Tang, managing director of Peninsula Knitwear, is one of the colony's key players in the sector. His company employs about 10,000 workers in China, and around 80 per cent of the goods are exported to America.

He said: "They (China and America) are keen to come to an agreement as soon as possible, but not at any cost.

"If this gets implemented, obviously we will be hit. But the service industry will be hit too. We cannot quantify the hit in cost terms, because once China retaliates, the American [list] will escalate."

If Hong Kong is playing this particular game with pokerfaced calm, it has good reasons for doing so.

First, the policy will prove tough to implement. By definition, transshipment is the result of high US demand for textile and clothing quota supply. If manufacturers with more orders than they have quota allowances cannot buy more quota, they can be tempted to falsify the country of origin. Cutting that supply is likely to exacerbate the problem rather than relieve it.

Mr Roy Delbyck, a lawyer representing several US importers buying in China, said the US will simply drive up quota prices – which in turn will be passed on to consumers – and create a bigger transshipment problem. "If by cutting quotas the US thinks it is going to wipe out transshipment or ameliorate it it is sadly mistaken."

Secondly, Hong Kong's argument that it is an innocent bystander in China's MFN dispute with the US is not watertight in the case of transshipment. Many textile and garment factories in China are controlled by companies in Hong Kong, Macao, Singapore, Korea and Taiwan, which play a part in organising such trade.

Third, much of Hong Kong's purchasing from China is done early in the year – typically in the first four months – giving companies an early bite of China's quota cake. Hints of quota cuts late last year prompted many to sort quotas out even earlier than normal. Manufacturers have bought ahead, and put goods into warehouses for extended storage.

Although the Hong Kong stock market fell 3.28 per cent to 11,001 yesterday, for a two-day fall of almost 10 per cent, analysts said the quota announcement alone had little effect on share prices.

The deeper worry for Hong Kong is that the US administration will go beyond mere threats of quota cuts. China would respond by hitting out at the US in key sectors such as aviation.

As piggy-in-the-middle, Hong Kong would not only lose trade volume: the growing service industry would also suffer.

WASHINGTON SPEAKS WITH ONE VOICE AND SENDS MIXED MESSAGES

"One of the things the Chinese need to understand," said a senior US Treasury official yesterday, "is that for the first time in years, Washington is speaking with one voice," Nancy Dunne writes from Washington.

But even with one voice, it is sending very mixed messages. On Thursday, administration officials threatened to slash China's textile quotas by more than \$1bn (£672m) a year in retaliation for alleged cheating on quotas, but then approved the sale of three US satellites for launch on Chinese rockets; announced that China was at last ready to open talks on its missile sales; and praised Beijing's moves to open its market.

It was the textile action which made the headlines and brought threats of retaliation from Beijing. Importers say no proof has been presented – even to the Trade Representative's industry advisory group – of a transshipment problem as massive as US officials claim.

Textiles negotiations are always complex and protracted. The latest have been particularly difficult because the US has been insisting on the inclusion of a specific clause against transshipment which allows for treble penalties and provides authority to inspect overseas manufacturing facilities. Sixteen countries have agreed to the measure, but nine – including India and Pakistan – have not.

"It's a tough pill that we're asking China to swallow," said Mr Rich Brecher of the US-China Business Council. "The US may have thought if it got China, perhaps the others would fall into line."

According to Ms Julia Hughes, vice president of government relations with Associated Merchandising Corporation, the Chinese have begun to act against transshipment and ought to be encouraged rather than criticised. Importers see numerous avenues for compromise.

But the tough government line has left many in Washington perplexed over whether it is a payoff to the domestic textile industry, a display of machismo to prod China on human rights and further trade liberalisation, or a miscalculation.

Robert Peston explains how Mohamed Fayed is making legal use of his deal with Tiny Rowland

Harrods boss moves to settle an old score

Mr Mohamed Fayed is enjoying the spoils of the peace that recently broke out between him and Mr Tiny Rowland, the joint chief executive of Lonrho with whom he had been battling since 1985 over his takeover of Harrods and the House of Fraser group of department stores.

Since the entente was reached with Mr Rowland in October, he has received reams of documents from Lonrho. The writ he served yesterday, alleging breach of confidence against Mr Graham Jones, House of Fraser's former finance director, is the first tangible use he has made of them.

In 1991, the Bank of England forced Mr Fayed and his two brothers to give up management control of Harrods Bank, a small profitable banking subsidiary of the department store. The Fayeds transferred all voting shares in the bank to an independent trustee, the Law Debenture Trust Corporation, though they retained an economic interest through ownership of the non-voting shares.

Mr Fayed had long suspected that Mr Jones had supplied potentially damaging information on the store group to Lonrho, the Bank of England and the Commons treasury committee.

However, it is understood that the Bank's action was prompted mainly by the conclusions of a report by Department of Trade and Industry inspectors, published in 1990. The report said that the Fayed brothers had dishonestly misrepresented their origins, wealth and business interests during the £615m bid for House of Fraser.

None the less Mr Fayed was furious with Mr Jones. But he was unable to sue him until Lonrho handed over handwritten notes and typed memoranda purporting to show that Mr Jones gave it sensitive information and used this information to damage House of Fraser.

Other documents show that Mr Jones received £555,418.07 in payments from the Lonrho group of companies between April 1990 and June 26 1991.

Mr Fayed had dismissed Mr Jones in early 1990 after he discovered that a business the company had just bought, Modena Engineering, which held a Ferrari motor car franchise, had been making losses. He was angry with Mr Jones for not discovering the losses before the deal was completed.

The letter terminating Mr Jones's employment at House of Fraser says that he should not disclose confidential information about the company to outsiders or use such information to harm it.

The writ makes several allegations against Mr Jones:

- He is said to have supplied confidential information to Lonrho which it used in a damaging propaganda document, called "A Financial Assessment of the Consolidated Personal and Commercial Interests of the Fayeds", published on September 5 1990 and sent to leading bankers and accountants in the City in an attempt to destabilise House of Fraser.
- He is alleged to have given Lonrho a copy of a draft letter he had written to the governor of the Bank of England, Mr Robin-Leigh Pemberton, now Lord Kingsdown, saying that "the Fayeds are men whose lack of probity and integrity is abundantly clear and it is inconceivable to me that they could be permitted to remain as holders of a banking licence".
- He tried to discredit House of Fraser in conversations with a Bank of England official, Mr Peter Filmer, without disclosing to the Bank that he was being paid by Lonrho.
- He tried to persuade House of Fraser's lead bank, Midland, to withdraw banking facilities from the department store group, without disclosing he was being paid by Lonrho.
- He informed the Commons trade and industry committee, which was examining House of Fraser's ownership of Harrods Bank, that its banking facilities would be withdrawn in the following 18 months, without disclosing he was being paid by Lonrho.

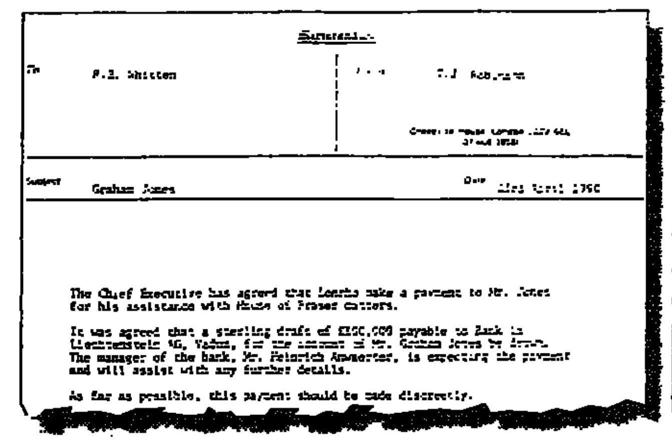
The writ says that at about the same time as Mr Jones gave Lonrho a copy of his letter to Mr Leigh-Pemberton, Lonrho paid £100,000 to Mr Jones's account at the Bank in Liechtenstein. A Lonrho memo, authorising the payment, says that payment was in return for "his assistance with House of Fraser matters".

The memorandum continues: "As far as possible it [the payment] should be made discreetly".

Mr Jones is also alleged to have provided Lonrho with a memo about the relationship between Mr Fayed and Lord McAlpine, who was then treasurer of the Conservative party. The memo says: "Alastair McAlpine has attended several meetings with the Fayeds at Harrods and an unknown number at 60 Park Lane [where the Fayeds have offices] since he became treasurer of the Conservative party". It continues: "Mohamed Fayed . . . has said 'Alastair McAlpine is good man (sic). He help us, we help him'." However, it says there is "no evidence of any donation by the Fayeds to the Conservative party in the accounts of House of Fraser".

Lord McAlpine said yesterday: "The Fayeds never gave me or the Conservative party any cash."

Tiny Rowland

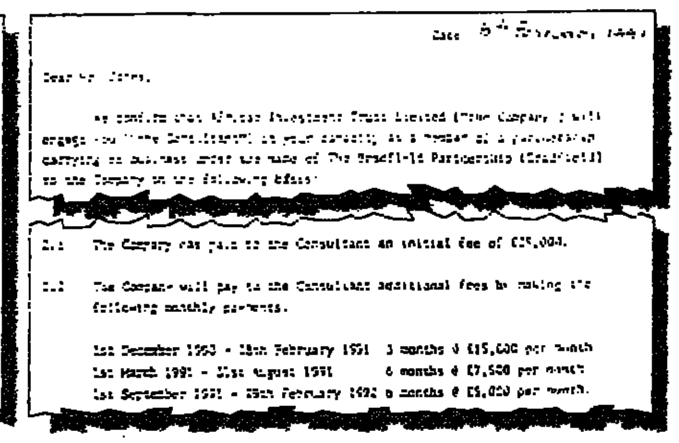


P.J. Whitten

Graham Jones

The Chief Executive has agreed that Lonrho make a payment to Mr. Jones for his assistance with House of Fraser matters.

As far as possible, this payment should be made discreetly.



Dear Mr Jones,

The Company has paid to the Consultant an initial fee of £25,000.

1st December 1990 - 28th February 1991 3 months @ £15,000 per month

1st March 1991 - 31st August 1991 6 months @ £7,500 per month

Mohamed Fayed

Short Brothers to shed 429 jobs

Short Brothers, the Belfast aircraft and missiles manufacturer, announced yesterday it was shedding 429 jobs following a big review of manpower, Our Belfast Correspondent writes.

The company blames the redundancies on continuing financial problems in the industry and cuts in defence spending worldwide.

Taken together, those trends have led to significant reductions in the aircraft, aircraft engine and defence programmes of many of Shorts' biggest customers.

Shorts regretted the impact of the cuts on its employment levels but is optimistic of improved job prospects in 1994.

Shorts, part of Canadian transportation group Bombardier, is Ulster's largest private employer, with just under 8,000 workers.

Water companies curb price changes

All large water companies in England and Wales have now agreed to reduce the scope for changing price limits between regulatory reviews, which take place every five years.

Mr Ian Byatt, the water industry regulator, said yesterday that 21 further companies had agreed the new licence provisions, making 31 in total.

Until now, companies or the regulator have been able to seek changes in price limits on eight possible grounds of "relevant changes in circumstance". These are to be reduced to three for most companies.

Bifu warns on performance pay

The banking ombudsman is to be warned by Bifu, the banking union, that moves to put bank staff on performance-related pay will lead to growing friction with customers.

The union said yesterday that it feared that performance targets and the scrapping of traditional pay structures would mean more "high pressure" selling of products.

Lloyds Bank last year introduced merit pay, and more than 75 per cent of its staff received it, with average increases of 3.4 per cent.

Lloyds intends to maintain the scheme this year while the other clearing banks have indicated to Bifu that they would like to discuss performance pay shortly. Many building societies have already introduced performance pay.

Power order sought in Taiwan

Nuclear Electric, the state-owned power utility, has submitted a joint tender with Westinghouse, the US power engineering company, to build a nuclear power station in Taiwan.

The design is based on the Sizewell B pressurised-water reactor station in Suffolk which is nearing completion.

The contract would bring about £700m of business to the UK.

Activists' influence worries Tories

By Kevin Brown, Political Correspondent

Senior Tories are becoming increasingly worried about the display of "people power" which forced Mr Tim Yeo to resign as environment minister after an extra-marital affair which produced a child.

The fear is that the campaign by Suffolk party members to force Mr Yeo to quit will lead to pressure for a bigger role for constituency activists. This has long been resisted by the party leadership, which has sought to maintain tight central control.

Close associates of Sir Norman Fowler, party chairman, believe that the Suffolk outburst was prompted by personal animosity between Mr Yeo and local party officials.

However, influential backbenchers say the affair has set an important precedent because no other Tory minister has been forced to resign by constituency pressure.

"This raises all kinds of complex questions about who is responsible for what in the party," said one senior MP.

There was also concern that more powerful constituency associations could be targets for extremist groups. These have occasionally infiltrated local party organisations in the past.

A backbencher said: "If we are going to be dependent on individuals, then who knows what groups will try to take control of constituency associations to influence ministers?"

The Suffolk activists' success was applauded by Mr Eric Chalker, a leading member of the Charter Movement, which campaigns for greater democracy in the Tory party. He said: "The desire of party members to assert themselves is steadily growing."

But the South Suffolk association appears to have achieved its place in Tory history almost by accident. The campaign leader, Mrs Aldine Horrigan, Tory mayor of Haverhill, was not available for comment yesterday. But locals say she had no intention of mounting a grass roots rebellion.

Meanwhile, the possibility that Mr Yeo might be forced to resign as an MP appeared to be receding after several branches in his constituency gave him their support. The Haverhill branch, of which Mrs Horrigan is vice-chairman, remains the only one to have called for Mr Yeo to be de-selected.

BT price move intensifies competition

By Andrew Adonis

The tariff changes announced by British Telecommunications this week intensify its fight for residential customers with Mercury and the cable television companies. In the process, its tariff structure is becoming more confusing than ever before.

Gone are the days of peak, standard and cheap tariffs, with calls dependant on the time of day and the distance of the call. The main changes are as follows:

- "Option 15", introduced two years ago, gives BT customers 10 per cent off call charges in return for a payment of £4 a quarter.
- A new weekend rate, introduced last month, sharply reduced the cost of most BT long-distance calls on Saturdays and Sundays.
- A "close ties" tariff, announced this week, will give BT customers a 5 per cent discount on five numbers of their choice, in return for a one-off payment of £4.99.

Mercury's policy has been to promise a reduction on BT's standard long-distance tariffs, while mirroring most of BT's special offers. It guarantees to undercut BT standard tariffs by 20 per cent for long-distance UK calls made at cheap rate; by 10 per cent for international calls made at any time; and by 10 per cent for UK long-distance calls made during peak time.

To counter Option 15, Mercury has its own special deal for day-time callers. For a £3 quarterly fee, customers get 15 per cent off BT basic prices for calls made during standard and peak periods.

As for "close ties", Mercury has launched its own "Yourcall" scheme, which starts in March. Mercury's version does not charge a registration fee, but, unlike BT's scheme, is not available for local calls.

Mercury has no local network, and it charges a £10 quarterly connection fee.

Connecting with Mercury can be done via a special phone with a blue button over most of the country or, in those areas with digital phone exchanges, by prefixing long-distance numbers with "132", once the user has registered with the scheme.

The cable companies, which now boast more than 300,000 phone customers in urban areas, almost all levy lower standing charges than BT, and guarantee reductions on BT standard tariffs. Nynex, one of the largest UK cable operators, charges a quarterly line rental of £16.50, against BT's £20.16 (from next month).

Yet in some cases it is cheaper to phone long distance on Mercury using a BT line than it is to take a cable connection.

Canals board 'can improve further'

By David Lascelles, Resources Editor

The British Waterways Board, which runs Britain's canals, has become much more commercially minded but could still do better, the Monopolies and Mergers Commission said yesterday.

In its second report on the board in seven years, the commission commended it for taking a more dynamic and businesslike approach to its work: it was better at planning, introducing standards, and computerising its operations.

But the monopolies commission made 48 recommendations for improvement, including cost control and more active marketing of leisure facilities.

Mr Neil Hamilton, the corporate affairs minister, said: "BWB has changed from a centralised organisation orientated towards administering a grant to one developing a strong commercial outlook, and the MMC commends the BWB and its staff for the work they are doing.

"Nevertheless, the MMC finds that BWB could continue to improve its efficiency and the quality of its services, and expects BWB to be able to generate higher net revenue."

The board said it would take account of the MMC's recommendations to provide continued improvements to the waterways.

Investor group may call for separate exchange

By Norma Cohen, Investments Correspondent

A City organisation of small-company investors and stockbrokers will meet next week to consider the establishment of a new exchange for start-up companies separate from the London Stock Exchange.

The City Group for Smaller Companies (Cisco) is disappointed that the stock exchange has failed to publish the report of its own working party which recommended the establishment of a new so-called Enterprise Market for smaller company shares.

The working party, which included several Cisco members, had broadly endorsed Cisco's call for the stock exchange to establish the Enterprise Market under its own auspices but with the addition of an independent board and chief executive.

The stock exchange board met to consider the working party report last month. It decided not to publish the report and, also, to commission additional market research from MORI.

Yesterday, following the final meeting of the working party, Mr Giles Vardey, the exchange's markets development director and a member of the group, said: "The exchange is wholly committed to finding sustainable ways of meeting the needs of smaller growing companies. I want to make it absolutely clear that the board has not rejected the working party's idea of an Enterprise Market. What we need is stronger evidence of demand for a separate market on these lines which would still be sufficiently different from the Official List to be viable."

The stOck exchange's actions have left small-company supporters disappointed. "My feeling is that we now have to pursue an alternative," said Mr Ronald Cohen, partner at venture capitalists Apax Partners and a member of both Cisco's board and the stock exchange's smaller companies working party.

French markets move closer to UK recognition

By Norma Cohen

The French bourse and equity options markets moved closer to full recognition in the UK yesterday after the Office of Fair Trading ruled that there were no significant anti-competitive rules which governed their operation.

The Treasury will now decide whether to approve the two exchanges, the Société des Bourses Francaises (SBF) and the Société de Compensation des Marchés Conditionnels (SCMC), operator of the French equity options market MONEP, as overseas investment exchanges in the UK.

In a report to the chancellor, Mr Kenneth Clarke, Sir Bryan Carsberg, Director General of Fair Trading, notes two rules which "could have the potential to produce significant anti-competitive effects – but do not appear to do so at present".

These two rules are requirements that members of the SBF have holdings of its share capital and that they abide by certain price limits and trading halts on the exchanges. Sir Bryan says he will keep these rules under review but that they are not likely to have the effect of restricting, distorting or preventing competition to any significant extent.

Approval would make it easier for UK securities firms which do not have Paris-based operations to become members of the two exchanges. The two would become the fifth and sixth authorised overseas investment exchanges approved to operate in Britain.

The others include the New York Mercantile Exchange (Nymex) and the Barcelona-based futures exchange Mercado de Futuros de Renta Fija.

Councils grab a fare chance to settle some of their debts

Charles Batchelor examines how authorities are rushing to sell off bus companies

Just when you thought one was never going to arrive they have all come along together. Spurred on by a change in the rules governing their finances, local authorities up and down the country have been racing to sell off their bus companies.

Brighton Borough Transport was sold to its employees just before the new year. In recent weeks Southampton City Council and the South Yorkshire Passenger Transport Authority have disposed of their bus operations to their managements. Grimsby and Cleethorpes have sold their jointly owned bus company to Stagecoach Holdings, a quoted bus operator, and Leicester CityBus has gone to GRT Holdings, another bus company.

This spate of sales was prompted by a change to the rules which from January 1 required local authorities to devote half the proceeds of assets sales to paying off debt. Before, they could spend the money where they liked.

So far, 25 of the UK's 48 municipally owned bus companies have been sold, although it is unlikely, in the absence of legislation requiring them to sell, that all councils will do so. A dozen mainly Labour boroughs are expected to retain control.

The 1985 Transport Act requires all boroughs to set up their bus operations as separately managed companies. This same legislation swept away many of the restrictions on bus services and allowed new operators to compete for business. The government's intention was to free the buses from local political interference and the constraints of public spending limits. Operators would be able to raise private sector finance and diversify into other areas of activity.

Costs and local authority subsidies have been reduced but continuing declines in the numbers of passengers using the buses coupled with increases in the route milages run has pushed average costs per passenger.

The most recent annual review by the Transport Advisory Service, a consultancy, showed the average bus company's profit margin (pre-tax profits as a percentage of turnover) at 3 per cent in 1991-92 – better than the 2.3 per cent for the year before but still not enough to allow them to renew their fleets.

Some bus operators have blamed the recession for the continued decline in passenger numbers, but others have managed increases despite the downturn. Plymouth Citybus, still munipically owned, has increased passenger numbers by 5 per cent a year over the past five years and converted a £400,000 annual subsidy into a pre-tax profit of £1.3m.

The ingredients for a successful bus operation include an aggressive approach to bus frequencies, often combined with a switch from cumbersome double-deckers to mini or midi buses; improved financial controls and a crackdown on costs. Mr Brian Fisher, managing director of Plymouth Citybus, said it had switched from two double deckers an hour on some routes to eight mini-buses.

The smaller buses are cheaper to buy, operate and maintain and are nimbler in traffic.

Badgerline, the quoted Bristol-based bus operator, put midi-buses on less-travelled routes to allow no opening for competitors, explained Mr Trevor Smallwood, executive chairman.

Plymouth Citybus now compiles monthly management accounts within five days of the month end. Previously it produced quarterly accounts with took another three months to prepare.

Many of the companies involved in the spate of municipal bus company sales are small in terms of the overall size of the market – the planned privatisation in 1994-95 of the 10 London bus companies, with combined revenues of £370m, will represent a far more significant change.

Some people in the industry say the shake-up of the market has only just begun. The next year or so is expected to see several more bus companies taking the route to a London stock market listing.

Badgerline and Stagecoach, which together account for 8 per cent of the bus market, are the only two listed bus companies. Possibles for flotation include GRT Holdings, Go Ahead Northern and British Bus.

At the same time the large players are expected to absorb many of the smaller companies. Mr Smallwood said he expected 80 per cent of the local bus market to be dominated by three or four large companies within 10 years.

Flotations and mergers may change the structure of the bus industry but organic growth will depend to a large degree on planning policies which favour public transport.

Local authorities see car-free zones, bus-only lanes and park-and-ride schemes as ways to reduce traffic congestion. Increasingly, bus companies are working on such schemes with the very local authorities from whose clutches they have just been freed.

NEWS: UK

133 flood warnings issued in south

By Motoko Rich

The National Rivers Authority has issued 133 flood warnings, including four red warnings – used *when flood barriers are in* danger of being breached – for areas in the south of England at high risk of serious property damage.

The areas at most risk are:
- Salisbury on the river Avon.
- Chichester on the river Lavant.
- Aldershot on the river Blackwater.
- Newport Pagnall on the river Ouse.

Mrs Gillian Shephard, the agriculture minister, said yesterday the government would not compensate farmers and individuals suffering losses due to flooding.

She said on BBC Radio: "We don't have provision to compensate farmers or indeed individuals, and quite a lot of farmers do insure against severe weather conditions."

The National Farmers Union was surprised that Mrs Shephard ruled out compensation before the NFU had even formally requested government aid.

It said that although individual farmers had suffered serious losses, the flooding had not amounted to a "*national disaster*" for farmers.

Mr James Wiseman, group secretary for the Chichester branch of the NFU, said that most of the damage had been to crops and fields – which cannot be insured.

The Association of British Insurers estimated that flooding over the past two weeks had caused total damage of £30m-£60m. The storms of January 1990 caused £2.1bn of damage.

High flood waters yesterday disrupted three British Rail *lines in the south-west. Bus* services were in use between Swindon and Didcot on route to Bristol and Wales, and on the Barnstaple to Exeter and Liskeard to Looe lines.

Sales of new cars up 11% last year

By John Griffiths

The strength of recovery in the *UK's new car market last year* took dealers and manufacturers by surprise and has produced forecasts of further sales rises during 1994.

Statistics from the Society of Motor Manufacturers and Traders issued yesterday showed new car registrations *rose by 11.6 per cent in 1993, to* 1,778,426 from 1,593,601 in the whole of 1992, despite a downward blip in December.

However last month's 7.73 per cent drop compared with the previous December was technical – the result of an artificial boost to registrations *last year caused by a rush to* register remaining cars without catalytic converters before a December 31 deadline.

Mr Ernie Thompson, the SMMT's new chief executive, yesterday welcomed the figures and said: "We expect a modest recovery to continue in 1994 for which we are currently predicting sales of around 1.86m."

The Retail Motor Industry Federation, representing the bulk of the UK's retail motor trade, is predicting a further increase of 100,000 sales – to 1.88m – this year. However it warned *that last year's growth* was partly the result of intense marketing activity which had done little for profitability. It fears that a similar situation will prevail this year as continental European manufacturers intensify their UK sales efforts to compensate for *slumping demand in their* domestic markets.

Even if the forecasts are realised, this year's sales will still be well short of the industry record of 2.3m set in 1989.

Statistics for the commercial vehicles sector, also released yesterday, reinforce the RMI's *warning on marketing activity.* Sales of vans, trucks and buses, bought strictly on the basis of business need, were much less buoyant. They finished the year down 2.05 per cent at 197,067, from 201,186.

Ford retained its crown as market leader last year with 21.46 per cent, but its principal rival Vauxhall narrowed the gap at 17.09 per cent.

In December, Ford's share of 17.16 per cent left it trailing not just behind Vauxhall's 17.47 per cent for the second time last year but also – for the first time – behind Rover. *Some of the biggest "winners"* last year were continental European manufacturers, some of whom outperformed Japanese rivals. Fiat, Renault and the Peugeot group, including Citröen, increased sales by around one-third. Peugeot, which took a record 8.02 per *cent, has now increased its UK* market share for the 10th year in succession. The share of the market taken by imports rose marginally last year, to 55.51 per cent from 54.93.

Toyota is reaping the benefits of the start of car production last year at its Derbyshire *plant. Its market share rose* from 2.65 to 2.93 per cent.

The year's top-selling car continued to be the Ford Escort at 122,002, followed by the Ford Fiesta at 110,449, Vauxhall Astra, 108,204; Vauxhall Cavalier, 104,104; Ford Mondeo, 88,660; Rover 200, 77,745; Rover Metro, 57,06S; Peugeot 405, 52,184; Vauxhall Corsa, 51,608; and Renault Clio,45,269.

The price is right, Page 9

UK car registrations – January-December 1993

	Dec '93			Dec '92	Jan–Dec '93			Jan-Dec '92
	Volume	Change%	Share%	Share%	Volume	Change%	Share%	Share%
Total market	73,730	-7.73	100.00	100.00	1,778,426	+11.60	100.00	100.00
UK produced	35,145	-13.99	47.67	51.54	792,921	+10.40	44.59	45.07
Imports	39,585	-1.39	52.33	48.86	885,505	+1.16	55.41	54.93
Japanese makes	10,464	-16.95	14.19	15.76	225,428	+15.11	12.67	12.30
Ford group	12,907	-4.46	17.50	16.84	387,895	+8.07	21.81	22.52
– Ford	12,654	-6.28	17.16	16.65	381,671	+8.02	21.46	22.17
– *Jaguar*	253	+68.67	0.34	0.19	6,224	+11.00	0.35	0.35
General Motors	13,300	+15.77	18.04	14.35	313,082	+13.46	17.60	17.32
– Vauxhall	12,878	+16.75	17.47	13.80	303,926	+14.23	17.09	16.70
– Saab*	422	-3.66	0.57	0.55	9,156	-7.28	0.51	0.62
– Rover**	12,769	-37.20	17.35	25.48	238,003	+10.57	13.38	13.51
Peugeot group	8,137	+11.86	11.04	9.10	223,540	+18.63	12.56	11.82
– Peugeot	5,685	+14.00	7.71	6.24	142,714	+15.07	8.02	7.78
– Citroen	2,452	+7.21	3.33	2.86	80,826	+25.48	4.54	4.04
Volkswagen group	3,986	-17.49	5.41	6.05	101,302	+0.50	5.70	6.33
– Volkswagen	2,501	+6.79	3.39	2.93	64,299	-1.31	3.62	4.09
– Audi	648	-9.88	0.88	0.90	19,725	+9.02	1.11	1.14
– SEAT	307	-32.38	0.42	0.57	8,658	+5.61	0.49	0.51
– Skoda	530	-59.73	0.72	1.65	8,620	-59.73	0.48	0.59
Nissan	4,860	-28.26	6.62	8.51	89,209	+20.25	5.02	4.66
Renault	3,729	+48.86	5.06	3.13	93,213	+27.40	5.24	4.59
Volvo	2,394	+61.00	3.25	1.86	43,740	+1.39	2.46	2.71
Fiat group	1,602	+34.74	2.18	1.52	45,607	+34.31	2.56	2.13
– Fiat	1,502	+44.15	2.04	1.30	42,841	+38.17	2.41	1.95
– Lancia	21	-54.35	0.03	0.06	583	-16.84	0.03	0.04
– Alfa Romeo	79	-21.79	0.11	0.13	2,183	-3.33	0.12	0.14
Toyota	1,347	-50.32	1.83	3.39	52,190	+23.63	2.93	2.65
BMW	*1,502*	*+7.21*	*2.04*	*1.75*	*40,921*	*+0.81*	2.30	2.55
Honda	2,227	+108.52	3.02	1.34	30,902	+15.37	1.74	1.65
Mercedes-Benz	1,009	+8.26	1.37	1.17	21,186	-5.53	1.19	1.41

*GM holds 50% of Saab Automobile and has management control. ** Includes Range Rover.

Source: Society of Motor Manufacturers and Traders

Unionist grassroots split on peace move

James Molyneaux faces a tricky task to maintain unity in his party, say **David Owen** and **Gillian Tett**

Mr James Molyneaux, the Ulster *Unionist party leader, will today* conduct the last of three private meetings of party activists in an exercise that will gauge the strength of grassroots backing for the party's guarded support for the Downing Street declaration.

The continued backing of Northern Ireland's largest political party for the declaration is vital to the UK-Irish peace initiative's prospects of success.

The declaration, of December 15 last year, entrenched the majority unionist veto over constitutional change in Northern Ireland but balanced it with explicit recognition of the possibility of a united Ireland.

Senior officials admit that initial reaction to the declaration was negative.

"At first the phone calls we were getting here were talking about sell-outs," says Mr William Bell, a UUP councillor in Lisburn, in the heart *of Mr Molyneaux's Lagan Valley* constituency.

But they say this mood changed once people started to study the document in detail. "Over Christmas the whole tone of the telephone messages changed to one of support for the parliamentary party," says Mr Jim Wilson, UUP general secretary.

Yet not everyone is happy, and it is clear that the leadership will not escape without criticism from this week's meetings.

Mr Jim Clarke, a UUP councillor in Belfast, plans to use tomorrow's gathering to urge the party to withdraw its support for the declaration because *it "gives no alternative to* Ireland's problems but a united Ireland".

Mr Clarke, who broke party ranks to support a motion condemning the declaration when it was debated this week by Belfast city council, argues *that Mr Molyneaux was "too hasty" in* welcoming the document. "Jim Molyneaux has not got a mandate from the people to accept this," Mr Clarke says.

Mr Raymond Ferguson, a UUP councillor in Enniskillen, says the meetings will reveal deep discontent in the party.

"People in the unionist community here are sore and angry," he says. "I am sure that the meetings . . . will be used by them to make it clear that they are not at all happy with what the UUP Westminster MPs are agreeing to in this declaration."

Another prominent UUP councillor *says there is "widespread opposition"* to the document in the party.

"My phone and mail bag has been dreadful with people complaining about it . . . We feel that Molyneaux is being sucked in – pulled along by Major [Mr John Major, the prime min*ister] because of Major's small* parliamentary majority," the councillor says.

Senior officials expect that during the meetings Mr Molyneaux will discuss the advice he gave privately to Mr Major before the document's publication.

The leadership's hand has been strengthened by Westminster's decision to approve the establishment of a Northern Ireland select committee, a long-cherished unionist aim, symbolising the province's integration with the UK.

Unionist leaders can present this as tangible evidence of the party's influence at Westminster, which is strong as a result of the precariousness of the government's majority.

But Mr Molyneaux must still tread cautiously. The slightest sign that the so-called loyalist veto over any change in the province's constitu*tional status might be undermined* could send support cascading to the Rev Ian Paisley's hardline Democratic Unionist party before the European elections later this year.

This partly explains the vigour with which Mr Molyneaux this week pounced on the republican movement's delay in giving a definitive response to the declaration, to claim the IRA had effectively rejected it.

The UUP leader's priority appears to be to encourage progress in the talks process being pursued under the stewardship of Mr Michael Ancram, the newly promoted Northern Ireland minister.

Mr Molyneaux signalled this in a recent letter to constituency chairmen, in which he spoke of the need to accelerate the thrust towards remedying the democratic deficiency in the province.

'Parent's charter' to go to 20m homes

By John Authers

The government will deliver copies of a revised Parent's Charter to 20m households next month at a cost of about £2m, Mr *John Patten*, the education secretary, said yesterday.

The duties of schools and responsibilities of parents will be set out in the document which is part of the Citizen's Charter initiative.

In response to claims that this would be wastefully expensive, Mr Patten said distributing door-to-door was the cheapest method for the taxpayer and ensured that all parents and "others concerned about education" would be fully informed.

Mr Patten said the move reflected the interest which Mr John Major, the prime minister, had taken in education and likened Mr Major to Mr George Bush, the former US president, who said he wanted to be an "education president".

He said: "John *Major* has a target of becoming an education prime minister. That's why when he talks about the back-to-basics message he talks about education."

Mr Patten refused to commit himself to a response to the *call by the* National Union of Teachers, made on Thursday, for this year's National Curriculum tests to be abandoned. He said the NUT had made no suggestion that it would stop teaching the National Curriculum before the tests and he questioned the union's motivation for wishing to abandon them.

However he said he would consider the matter further before making a formal response.

He said he would not deviate from the government's response *to Sir Ron Dearing's* report on the curriculum, published on Wednesday, which said tests should take place in mathematics, English and science this year.

CONTRACTS & TENDERS

Life industry wins respite on disclosure rules

By Alison Smith

Life assurance customers are unlikely to get better information from all sales agents until the start of next year, the Securities and Investments Board said yesterday.

SIB, the City's chief regulator, has published proposals which will become effective from July 1 this year.

Agents will have to disclose sales commission on life products and tell customers more about the disadvantages they would suffer if they surrendered a long-term investment early.

While a few companies are expected to implement the changes from the start of the new regime, the life insurance industry has been given six months, until the beginning of 1995, to make the transition.

Legal & General, one of the largest life offices, said it did not expect to be able to begin the regime until the start of next year, and there is a strong feeling in the industry that many life products will not be sold under the new rules until the last possible date.

One estimate puts the cost to the industry of changing computer systems to meet the new requirements at up to £100m.

SIB was told by the Treasury last July to produce regulations requiring disclosure a year after the Office of Fair Trading had said that its rules were anti-competitive.

Under SIB's new proposals – an earlier version of which was published last November for consultation – sales agents and advisers must automatically give customers written information about commissions in terms of cash before the customer signs a proposal form for any life product.

Regulators are to discuss further with the industry how to calculate the cash figures that should be disclosed as commission, in order to give the potential investor a clear and fair picture of the arrangements through a range of different distribution channels. There is great sensitivity about how the amount disclosed to the prospective buyer reflects the full commercial cost of assistance and services provided to company representatives which independent advisers would have to pay for themselves, such as administrative support, computer systems and accommodation.

Further work is being done on the paper which tells the customer more about the product and which is to be handed over by the sales agent at the outset of a sale.

The industry has consistently and vigorously opposed commission disclosure, and even among some regulators there is a feeling that the issue has grown out of proportion.

Mr Andrew Large, SIB chairman, emphasised that the new disclosure regime was only one element in bringing about improvements in selling financial services. He highlighted the setting up of the Personal Investment Authority and new training and competence provisions.

Authority acts over foetal eggs row

By Clive Cookson, Science Editor

The Human Fertilisation and Embryology Authority yesterday said its members had overcome the initial "Yuk factor" they felt over using eggs from aborted foetuses to treat infertility and were now keeping an open mind.

The HFEA – the government body set up in 1991 to regulate "test-tube baby" clinics – rushed out a consultation document in response to widespread concern about research which could lead to foetal eggs being used to treat infertile women within three years.

Sir Colin Campbell, HFEA chairman, said yesterday that members of the authority had reacted with "unease, distaste and surprise" when they first heard about the technique. But this emotional response to the "Yuk factor" had passed, he said.

The document itself acknowledges that the public "may feel an initial repugnance" to using aborted foetuses to help women whose own eggs are defective in some way. But it says the authority has an open mind and is looking forward to hearing people's views on the issue.

Scientists at Edinburgh University, led by Dr Roger Gosden, have shown that the technique works with animals. It involves removing ovaries from a foetus, "maturing" the eggs in the laboratory, fertilising them with sperm and then implanting the resulting embryos into the womb.

Mrs Virginia Bottomley, health secretary, said it would not be permissible to use human foetal ovaries under present legislation, and Dr Gosden has stopped the research programme until the HFEA has issued new guidelines. These are not expected before the autumn.

There is currently a severe shortage of donated eggs available for implantation into infertile women, who typically wait between three and five years for treatment in one of Britain's 63 fertility clinics.

Takeover Panel chief named

By Norma Cohen, Investments Correspondent

Mr William Staple, a director of the investment bank N.M. Rothschild, is to be director-general of the Takeover Panel. He will replace Ms Frances Heaton on March 2.

Mr Staple is the brother of Mr George Staple, the director of the Serious Fraud Office. "We will not be discussing City matters at family gatherings," Mr William Staple said.

He added: "I would hope that matters which come before the Takeover Panel do not later concern the SFO." His appointment, which is for a two-year secondment, has been made by the panel's chairman Sir David Calcutt QC, with the approval of the Bank of England.

The panel is a non-statutory body which for 25 years has set the rules that public companies and their advisers must follow in acquisitions.

Mr Staple said he believed the threat of a statutory regime for takeovers was the most significant issue facing the panel.

The European Commission, noting the success of the UK system, has proposed that all countries adopt legislation establishing similar rules in an effort to ease the way for cross-border merger and acquisition activity. The UK government is fighting the proposals, arguing that a statutory regime would invite the threat of judicial review for Takeover Panel rulings.

However, Mr Staple, echoing the views of Sir David, said: "I would want very much to resist a statutory system. People would be tempted to take their takeover decisions to the courts and the ensuing delays would greatly increase the costs of acquisitions."

He said that a statutory, and therefore more time-consuming system, would reduce the speed of the panel.

The current structure, he said, had led to a consistent application of general rules such as the requirement that all shareholders be treated equally and that those acquiring more than 30 per cent of a company's shares be required to bid for all of them.

Given the economic recovery, Mr Staple said, it was likely that his tenure at the panel would see another spurt of takeover activity, and it was possible some rules would be changed. "We will need to constantly review the rulebook in light of changing market practice and the cases which come before us," he said.

Ashley Ashwood

William Staple, who opposes EU moves for a statutory regime

Exchange breaks eight records

By Norma Cohen

Eight records for capital raising, trading markets and indices were set on the London Stock Exchange in 1993.

The exchange said that after record turnover in November, December was the second-busiest month ever, with business in London's domestic and international equity markets together totalling £109.38bn.

The FT-SE-A All-Share Index reached a record high of 1698.75 on December 29, while the FT-SE 100 Index reached its historical peak on the same day at 3462.0.

In 1993, a record 180 new UK companies achieved exchange listings, up from the previous high of 155 set in 1987.

Total equity turnover of £1,143.5bn was up 34.5 per cent from the previous record of 1992. Cash raised from UK equity rights issues was a record £11.38bn, up 12.3 per cent from the record set in 1991.

The exchange said monthly turnover in UK equities had been the highest since July 1987 at £55.8bn, mostly reflecting investor enthusiasm following chancellor Mr Kenneth Clarke's Budget statement. Business in overseas equities reached £53.6bn, the fourth-highest ever, after the successful conclusion of the Uruguay round of Gatt trade talks.

Scott blames Whitehall for inquiry delays

By Jimmy Burns

Lord Justice Scott has told the government that continuing delays in obtaining Whitehall documents has disrupted the conduct of his arms-for-Iraq inquiry.

In a letter to Mr Michael Heseltine, the trade and industry secretary, the judge confirms the inquiry has been delayed and sets a provisional date of July for the completion of a first draft of his report.

While thanking the minister for the co-operation generally shown by Whitehall, the judge states: "I regret to say . . . that there have been a number of occasions when documents have been submitted long after they should have been."

The letter continues: "This inevitably disrupts the orderly conduct of business."

An inquiry official said last night that there was no suggestion that the government was deliberately attempting to withhold information. "We have found that some of the documents we have asked for have been misfiled, or come to light after further inquiries," he said.

But the fact that its contents will not be known until after elections for councils and the European parliament will be a relief to the government. The letter, sent on December 21, was publicly released yesterday by the judge with a reply dated January 5 from Mr Richard Needham, trade minister, in the absence of Mr Heseltine, who has been on holiday.

In his reply, Mr Needham reiterates earlier assurances made by Mr John Major, the prime minister, that the government will "continue to do all that we can to assist" the judge in his inquiry.

The inquiry will resume public hearings next week with the appearance as witnesses of Mr Kenneth Baker, the former home secretary, and Lord Howe, the former foreign secretary. Critics of the inquiry in recent months have suggested that the exercise was proving an unnecessary waste of government money.

But the inquiry's sponsoring department, the Department of Trade and Industry, last night released figures which officials described as confirming "reasonable expenditure".

The inquiry costs to the DTI since November 1992 are officially put at £610,000. It is being covered by the DTI's overall budget for miscellaneous running costs in the year 1993-94 of £329m.

In his letter, Lord Justice Scott says that his inquiry has "raised important questions about the relationship between ministers and parliament and between civil servants and their ministers".

Outlook brightens for Maxwell pensioners

Norma Cohen reports on the quest to replace lost fund assets

Bank of America's surprise announcement earlier this week that it would pay £25m to the Mirror Group Newspapers pension scheme is the first good news that some 20,000 pensioners have had in months.

Moreover, it has raised hopes that financial institutions, professional advisers and insurance companies, all of which had dealings with Robert Maxwell, may be preparing to make significant contributions to the pension schemes that were depleted in the Maxwell era.

"I think 1994 is going to be a good year for us," said an adviser to one former Maxwell company pension scheme whose members are still seeking nearly half their assets. Trustees and advisers to the schemes point to two factors which have made them more hopeful than at any time since more than £440m was discovered missing in December 1991.

First, the efforts of Sir Peter Webster, the former High Court judge appointed to help find a "global solution", are said to be quietly making progress. Sir Peter is said to have met with all the banks and financial institutions holding assets which are also claimed by the pension schemes.

"One problem has been that some banks wanted not just a global solution but an inter-galactic solution," said one adviser to the pension schemes.

In short, they had hoped that a payment to the pension scheme would cause all claims against them from shareholders or other parts of the Maxwell empire to be dropped. Since last autumn, Sir Peter is said to have persuaded them that the inter-galactic solution is not practicable.

But the chief difficulty he has encountered was predictable. According to sources familiar with the talks, each bank wishes to minimise the amount of cash it must ultimately return to the pensioners. For many assets there are several possible financial institutions from which the schemes could demand restitution, so each bank has been reluctant to even discuss how much it is prepared to concede lest it let one of its competitors off the hook.

Sir Peter has managed to persuade the reluctant banks that any conversation he has is confidential. One scheme adviser said: "He sends you a note inviting you to ring for an appointment to see him. It's all very informal."

He is so concerned about confidentiality that notes of each meeting refer only to the individuals and their bank in a code "so that if the notes fall into the wrong hands, no one will understand them", one adviser explained.

Also, Sir Peter has apparently been willing to think broadly about solutions for financing the Maxwell pensioners, and is not insisting that each institution simply pay a single lump sum into the pot.

Insurance companies who provided director's liability policies, now refusing to pay hundreds of millions of pounds in claims, have been told it may be possible for them to spread their contributions over a long period of time because pension liabilities will come due over a period perhaps as long as the next 20 to 40 years.

Sir Peter is said to be working to a timetable which contemplates completion of an agreement by the middle of next summer.

Another significant new factor is a recent High Court judgment. At face value, the case was a victory for the defendants, Lehman Brothers, the investment bank, Credit Suisse, Swiss Volksbank and Morgan Stanley, who were being challenged by Macmillan Incorporated over the ownership of shares in Berlitz International.

Although Macmillan lost the case, in a 31-page summary Mr Justice Millett said it might have won against Lehman Brothers in particular had its lawyers argued that: Lehman Brothers knew or ought to have known that the Berlitz shares in question belonged to pension fund trustees; that stock borrowing activities which Lehman was party to were inappropriate for a pension fund; and that Lehman should never have taken possession of the shares in the first place.

In a series of writs filed against Lehman Brothers and others, trustees for the pension schemes are making precisely the argument that Mr Justice Millett concluded might have succeeded in court.

In a 158-page writ served last autumn, liquidators to the Maxwell-controlled fund manager Bishopsgate Investment Management detailed conversations and correspondence over a two-year period which aim to demonstrate precisely that point.

For its part, Lehman Brothers says it believes it has a strong case and that it is prepared to go to court. However, the investment bank said it had spoken with Sir Peter and would consider some sort of global solution in an effort to rid itself of a lengthy, expensive and embarrassing legal battle.

Equal pay victory for 1,500 women

By David Goodhart, Labour Editor

The largest group of women to win an equal pay case in Britain were yesterday celebrating pay rises of between 37 per cent and 74 per cent.

1,500 women welfare assistants in West Sussex schools were awarded pay parity with council van drivers by a Southampton industrial tribunal in a case concerning equal pay for work of equal value submitted four years ago.

Mr Phil Wood, the local representative of Unison, the public service union, said the basic increase on the annual pay bill of West Sussex county council would be £1.2m but that could rise to £2.3m as women moved up seniority scales.

Most women will see their hourly rate increase from £2.94 to £4.04 but that could rise to £5.13 per hour. Mr Wood said: "The settlement will give confidence and encouragement to women in all walks of life to fight for a better pay deal. It is also a clear signal to all employers that Unison and other unions are working hard to ensure that women are treated equally." The case, brought on behalf of four welfare assistants, has cost the union £100,000.

Equal pay cases have been dogged by length and cost. Only about 25 cases have been successfully completed in the past 10 years. The Equal Opportunities Commission recently opened discussions with the government about how to make legislation work better. It has also threatened to take the government to the European Court of Justice if it does not amend the laws to make them easier to apply.

Mortgage lending shows autumn dip

By Philip Coggan and Alison Smith

Net mortgage lending in November fell back to £1.65bn from £1.88bn in October, figures from the Bank of England showed yesterday. The statistics, however, still show a pick-up in lending from the first half of 1993, when the monthly figures averaged £1.2bn.

Mr Adrian Coles, director-general of the Council of Mortgage Lenders, which represents building societies and centralised lenders such as banks, said the figures showed that mortgage lending remained robust.

In terms of net lending, building societies continued to lose market share to banks, whose fixed-rate mortgages have proved popular. The seasonally adjusted figures in November stood at just less than £1.1bn for banks and £600m for societies.

The number and amount of new loans approved, however, showed the building societies picking up a larger share than the banks. Overall, loans approved in November were £4.7bn, up from £4.3bn in October, with building societies claiming £3bn.

Mr Coles said the overall rise in level of loans approved, confirmed the council's view that the housing-market recovery could be expected to strengthen during 1994.

Bank and building society lending is a key component of M4, the broadest indicator used by the government to measure the money supply. Final figures for M4, published yesterday, showed seasonally adjusted growth of 4.9 per cent between November 1992 and November 1993. Such an annual increase is towards the bottom of the government's 3 per cent to 9 per cent monitoring range. However, growth in M4 has picked up recently; the annualised growth rate in the three months to November was 7.1 per cent.

Meanwhile, the shorter leading index, published yesterday by the Central Statistical Office, confirmed evidence of economic recovery by rising 0.7 per cent in the month to November. The index is designed to pinpoint turning points in economic activity five months in advance. November's rise, based on only three of the five index constituents, was largely caused by the strength in share prices.

The longer leading index, designed to look 13 months ahead, fell slightly in November and has been dropping steadily since March 1993. Many commentators doubt the usefulness of this indicator, which failed to predict the 1990-92 recession. The CSO said the composition of the indices was under constant review.

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A soufflé for sophisticates

A western pension fund manager with money invested in Karachi or Istanbul would no doubt have been delighted this week to see that equities in both markets hit all-time highs. The pleasure would, however, have been qualified if the same manager held shares in Hong Kong, where on Thursday the stock exchange registered its biggest one-day fall since the 1987 crash. Depression would have set in with Malaysian equities, since the Kuala Lumpur exchange simultaneously saw the biggest ever decline in a single day. Given that such manic behaviour is the norm for emerging markets, any member of a pension scheme might reasonably ask whether a claim on earnings and assets in these developing economies is really going to do much for his or her retirement income.

At a theoretical level, the answer is encouraging. One of the advantages of the global equity market that has emerged since the liberalisation of exchange controls in the 1980s is that it enables countries to seek international solutions to a wider range of domestic economic problems. A particularly difficult problem faced by most developed countries arises from demography. Mature economies with ageing populations tend to generate excess savings in relation to the available profitable investment opportunities. This can lead to large current account surpluses, since the balance of payments is the mirror image of the balance (or imbalance) of savings and investment.

In an economy ring-fenced by exchange controls, pension fund money is largely trapped. Meanwhile, excess saving puts a brake on growth unless its deflationary impact is matched by dis-saving in the public sector. Yet public sector dis-saving leads to an absurd situation in which first-world countries run into the red on current account and have to suck capital out of the third world to finance their deficits.

Ageing population

Take away the exchange controls and it becomes easy to export excess savings in the form of equity capital to countries where populations are younger, savings lower and investment opportunities greater. This is a positive sum game, in which the contribution of western capital to economic growth in the third world, and the resulting return to the first world, make it easier to cope with the pressure of ageing populations. Meantime third-world countries enjoy more flexible access to capital, in that equity dividends, unlike debt interest, are not fixed.

The micro arguments for investment in emerging markets are equally strong. Portfolio theory has established an overwhelming case that diversification increases investment returns for a given degree of risk. Diversification into emerging markets offers particularly big benefits because these markets have a low correlation with international market movements. And there is a big benefit to companies in the third world in the shape of a much reduced cost of capital.

Practical limitations

This pleasing theoretical symmetry unfortunately has practical limitations. For the complementarity of savings and investment patterns across the globe is inadequately reflected in the structure of financial markets. Underdeveloped capital markets in Asia, Latin America and elsewhere simply cannot generate assets on a scale to match more than a tiny fraction of the liabilities of the first-world financial system. Much third-world financing, especially among the expatriate Chinese, is done through family contacts; and oriental families are notoriously more keen to speculate in other people's shares than to cede control of their own businesses.

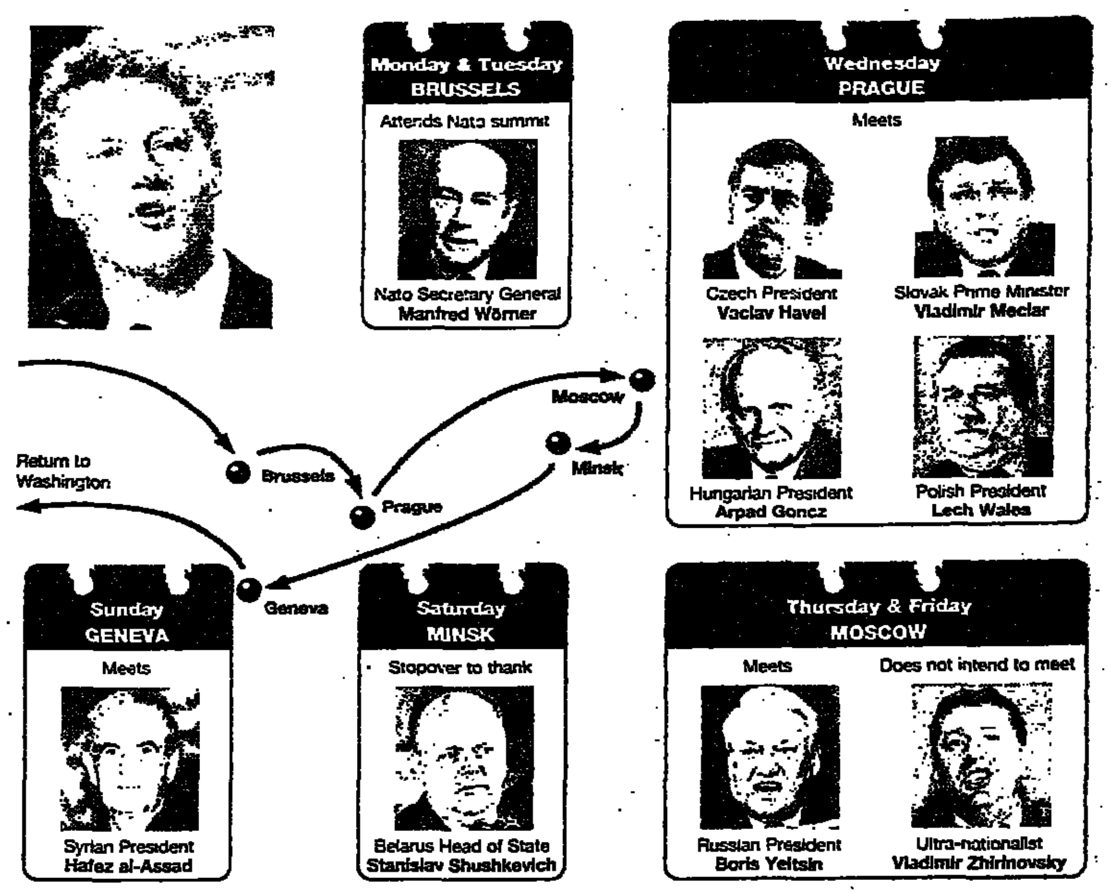
Hence the fad that has sent prices sky-high over Christmas and the new year. A wall of institutional money has collided with a very rickety emerging market infrastructure. What has to be remembered is that such markets are usually under-regulated and plagued by insider dealing. Equity shares may confer no worthwhile voting rights and be subject to a variety of government restrictions. Company disclosure can be threadbare and accounting haphazard. Liquidity often proves illusory, which is why fund managers who think they have the Midas touch in Karachi should think again. It was the foreigners who propelled the market to its peak, and their judgment will look rather different when they propel the market back to the depths on their way to the exit.

Yet the caveats should not be overdone. Emerging markets may be as frothy as a soufflé, and as prone to fall. But Britain, the US and Japan started like that too. The first rule of this high-risk game is that investors should spread their risks and keep their exposure to a modest percentage of their portfolio. The second is that they should avoid buying in a bubble, which is where we are now. There are crashes aplenty in emerging markets and they constitute that rare thing: a clearly identifiable buying signal. Wait for the wailing and gnashing of teeth in those economies where longer-term growth prospects look assured.

Jurek Martin assesses the security and economic agenda Bill Clinton has set for his first trip to Europe as US president

Still chairman of the board

Clinton takes his message to Europe



This weekend Bill Clinton sets foot on European soil for the first time since he became president 50 weeks ago. Before the year is out he is due to return to the continent two or three more times. If 1993 was the year of the domestic focus, with the foreign spotlight swivelling intermittently towards distant trouble spots and more consistently towards Asia, then the 1994 stage seems to have been arranged to give Europe the opportunity to reclaim what it has long considered its rightful place in the forefront of America's external security considerations.

At least this is the hypothesis and it has been reflected in a torrent of analysis in Washington this week, both by the administration and its critics. If words were all, then Europeans could be excused for thinking Warren Christopher, the secretary of state, never said, as he pungently did last autumn, that one of the problems of US foreign policy is that it had been too Eurocentric for too long.

Certainly the immediate Clinton mission is weighty. He will outline his vision for Europe in a Brussels speech tomorrow night. The Nato summit will debate the future shape and purpose of the alliance and the eventual widening of its security net to countries to its east; and a session with the European Union will discuss how best to extend economic benefits and assistance.

In Prague, the president must explain to the leaders of Poland, Hungary and the Czech and Slovak Republics why Nato's doors will not be immediately opened to them. In Moscow he has the difficult task of telling President Boris Yeltsin that resurgent Russian nationalism is neither conducive to greater European security nor helpful to continued US leadership in assisting the cause of Russian domestic reform. If Mr Yeltsin is in a defensive mode, which would be understandable, then Mr Clinton will need to be at his most creative and persuasive if he wants to avoid embarrassment.

In less tangible but equally important ways, Mr Clinton must also convince the heads of the governments of Western Europe, whose recent individual and collective leadership has been more conspicuous for its absence, that the US will remain thoroughly engaged. It may be debated whether the US president or his European counterparts are most to blame for any mutual lack of confidence – he because he has been otherwise engaged and because of Bosnia, and they because most would have preferred a second term for George Bush and because one of their governing parties, the British Tories, worked against Mr Clinton's election.

On the US side, there does appear to be a determination to put the western European relationship on a better footing. Anthony Lake, the national security adviser, claims there is little wrong with it, that his president has met in Washington as many European leaders as did Mr Bush in his first year and that, because diplomacy is not a zero sum game, the evolution of what he calls the first coherent US Asian policy in decades means no downgrading of the European priority.

The Uruguay Round agreement is held up as a model: the US and Europe burying their hatchets for the common good and not into each other. Mr Lake often refers to one of his own few public speeches, delivered last September under the title *From Containment to Enlargement* and devoted to the proposition that the "core" democracies (the US, western Europe and Japan) have a special obligation to work together for a more democratic and prosperous world.

Western European diplomats based in Washington also generally take a more relaxed view about the state of transatlantic relations than their head offices back home apparently do. The British embassy, for example, is particularly grateful for US support over the latest Northern Ireland initiative and the French for being allowed to declare victory in the Uruguay Round, though there have been some communications problems with Germany over Somalia and Iran. UK diplomats are also pleased with the pre-Nato consultations and are convinced the summit will go smoothly, in spite of French attempts to give a higher profile to the latest deterioration in Bosnia.

Still, it would be pointless to pretend that the general perception is all of smooth sailing. Jim Hoagland's Washington Post column this week was closer to the mark in its observation that "what is missing is the day-to-day sense of trust and clear private communications that guided the Atlantic relationship through far more difficult times in the past". The reason for this at the highest levels may be obvious – Mr Clinton and his European counterparts share few cold war experiences – but that does not mean its absence makes life any easier.

The emphasis on economic security apart, the constant of Clinton foreign policy bearing most clearly on Europe is its devotion to the cause of reform in Russia. The resurgence of Russian nationalism evident in last month's elections and reflected in statements by Mr Yeltsin's government ever since has led to something of a reappraisal, both of Nato's evolution and the desired pace and extent of reform in Russia itself.

On Nato's development, an earlier, instinctive sympathy held by Mr Christopher and Mr Lake to extending membership sooner rather than later to Poland, Hungary and the Czech Republic seems to have lost out to the strongly held convictions of Strobe Talbott. The rising star of the Clinton foreign policy team believes this would undermine Mr Yeltsin and boost the nationalists.

This does, however, over-simplify a complex Washington policy debate. Critical objections to making Nato instantly bigger were also advanced by the US military, the alliance's most vital component. The Pentagon was not only concerned with the complications of absorbing military forces of which it knew too little, but also by the security implications of sharing operational knowledge with countries whose political futures as western-inclined democracies could not be assured (Hungary, for example). The compromise, known as the "Partnership for Peace", is based on creating "habits of co-operation" that could make eventual membership less troublesome.

On Russian reform, too, administration thinking has been fluid over the past month. The initial lessou drawn by Vice-President Al Gore and Mr Talbott after Russia's elections was that the country needed "less shock and more therapy". That has now been amended. This week President Clinton spoke of "more reform and more therapy, more attempts to build a safety net to deal with the consequences of reform but not an attempt to slow down the reform effort".

In Washington political terms, this is a vindication of the approach of the Treasury, specifically for Lloyd Bentsen, the secretary, and Larry Summers, in charge of international affairs. On Monday Mr Summers said in Boston it would be a "grave mistake" to think there was some "third way" for making reform in Russia less painful.

As it is, the US ability to pour vast extra resources behind reform is limited and Congress is unlikely to add to the $2.5bn in bilateral assistance voted last year. The focus instead will be on disbursing money to areas most in need, for which there should be leeway as only $5bn of the $28bn G7 support programme agreed last year has been actually delivered.

Both the plans for Nato and the reassessment of the approach to Russia have stoked the fires of public debate. This is not only because eastern European leaders such as presidents Lech Walesa and Vaclav Havel, both immensely respected in the US, have been so critical (though this did prompt the administration to send a team to eastern Europe, including General John Shalikashvili, new chairman of the joints chiefs of staff, for some smoothing of the presidential path).

A typical critique came from Robert Zoellick, undersecretary of state in the Bush administration, who wrote this week that the problem with "Partnership for Peace" was its lack of substantive criteria for admitting new members to Nato. "We should aim to bring these democracies into Nato at about the same time they enter the European Union," in his view over the next three to six years. The Washington Post and the Wall Street Journal this week broadly three agreed.

Brent Scowcroft and Richard Haass, respectively the head and a senior member of the Bush national security council, thought, in a doom-laden column, US foreign policy was approaching "a point of peril". They doubted a formal expansion of Nato was necessary, but advocated a much tougher US line towards Russia ("We have to make clear that our long term support is not unconditional and will depend on Russia's adherence to political and economic reforms and restraint towards its neighbours") and less severe cuts in US defence spending.

Mr Clinton's response has been careful, acknowledging US concerns about Russian sensibilities. "The signal that Yeltsin sent to me," he said, "is that he did not want to feel that Russia was being isolated, was being moved back into a sort of potential enemy status."

Similarly, he hoped the "limited" Nato approach to eastern Europe would work "because we don't want them to feel threatened by an eastern pull any more, but neither do we want to prejudge the future intentions and policies of Russia and other countries in the newly independent states, especially Ukraine".

The overall goal for Europe, east and west, including Russia, should be the emergence of a more integrated political and economic system, Mr Clinton said. A good start in this direction was for the US "to make as forceful an argument as is possible that the Europeans ought to trade more with them".

As an example, White House officials pointed out, the US has removed some cold war statutes limiting trade with the eastern bloc, as promised to Mr Yeltsin in Vancouver last year. Still had under review is repeal of the Jackson-Vanik amendment governing the granting of most favoured nation trading status to Russia (it now receives an annual waiver).

Strobe Talbott said Mr Clinton would, in effect, be offering more European countries "shareholding" rights in the form of "an arrangement and a mechanism that will give all of the states... an important say in what the post-cold war security order looks like". By this yardstick, the US will remain chairman of the board, but Bill Clinton's Year of Europe, starting tomorrow, is predicated on the other executive directors pulling their weight.

*WOMAN IN THE NEWS: **A deputy headteacher***

Mistress of the 'mot juste'

Every time she walks into her classroom at Summerhill School, a 900-strong comprehensive in the West Midlands, Miss Nita Robbins is ready to do battle – not with her sometimes unruly pupils, but against the excesses of the UK government's education policy.

As deputy headteacher, with the responsibility for implementing the national curriculum at Summerhill, Miss Robbins, 52, has been in the front line. She has had to make sure that the school is in line with the new curriculum – in which the government laid out, in 1988, precisely what subjects should be taught in the schools of England and Wales, and what each subject should contain. This has brought unprecedented upheaval to classrooms: discipline has been a casualty, as have "non-core" subjects such as sociology and business studies.

Now some of these changes will be put into reverse, following the government's acceptance this week of the recommendations of Sir Ron Dearing on reform of the education system. These will cut the time allotted to curriculum teaching by 20 per cent for 11-14-year-olds and virtually abandon it for 14-16-year-olds. Miss Robbins says wryly: "At least this time the changes should be workable."

A French teacher, Miss Robbins has taught at Summerhill, at Kingswinford near Dudley, for 29 years, during which time the area's traditional steel industry has shrivelled. Most parents of her pupils are self-employed.

In spite of her struggles with the rigidities of the curriculum, she has managed to raise standards over the past few years, with 60 per cent of pupils last year gaining the equivalent of five old O-levels – well above the national average and a notable achievement for a comprehensive in an industrial area.

She says that, in spite of the difficulties of the past five years, she still supports the national curriculum in principle. "There were very positive effects when the curriculum was introduced in that it gave the provision of a basic entitlement [to be taught a core of information] to each pupil. It has also tried to introduce some coherence and progression, but as we now know from Sir Ron, it failed."

Her first problem was that the curriculum was installed in fragments. She circumvented much of this by starting a five-year plan on how the school would phase in the curriculum.

Rules on science, English and mathematics came first, and these subjects "tended to hog curriculum time". Subsidiary subjects had to be squeezed in when time could be found. Eventually the whole curriculum was fitted into the school week, but only "at the expense of the extra dimension of enrichment which I felt we had before".

An early casualty was a partly vocational GCSE in "child development", which had been popular with pupils interested in careers in nursing or social services.

Then Miss Robbins and her staff had to find more space to add the elements that they felt were educationally necessary. For example, a second modern language was added, although the curriculum only requires one, because they felt it was important for the children to have a choice. Fitting both German and French into the timetable meant giving lessons in each language for only three periods each week, putting pressure on both teachers and pupils.

Another adroit manoeuvre to make the curriculum work involved splitting the mandatory sex education between biology and religious education. "We saw it as a moral issue as well as biological one."

Now that Sir Ron has freed one day a week to be filled at schools' discretion, Summerhill may reintroduce its old "extra dimension" subjects. First, Miss Robbins must decide what to offer children older than 14, who will now be covered only by a minimal curriculum, and then sort out the less flexible timetable for children in the first three years of the school.

"My main job now is to take the fear out of the change," she says. "I have already had the heads of science and technology coming in to see what it means for them."

Miss Robbins also has to soothe the unions. Some may still boycott this year's tests, which are included in the Dearing package. No tests took place at Summerhill last year. "The tests didn't accurately or adequately monitor or assess what was in the curriculum. They simply were not credible." She has not seen this year's tests, and is awaiting the unions' next move. "Teachers' experience of the tests so far has not been a good one."

She is happy, however, with one government guideline: education secretary Mr John Patten's call this week that parents take greater responsibility for their children's behaviour in school. This is vital if Summerhill is to reduce the number of pupils it suspends from school, in line with Mr Patten's wishes. "The reason we're excluding more pupils is because there are fewer sanctions we can use. We use detentions but sometimes parents refuse to let their child stay in."

She agrees with Mr Patten that the cane is "a dead issue" as a disciplinary aid. It has not been used at Summerhill for more than a decade, and was only used at most about three times a term. The school has only ever expelled one pupil, after three years of disobedience, and the maximum exclusion time from school is now three days, imposed for serious offences such as swearing at teachers.

After managing Summerhill through the first three years of the national curriculum, Miss Robbins made further use of her experience in a nine-month secondment to industry. She helped IBM, the computer company, run courses, including on managing change.

Back at Summerhill, caught between a government that still lays down what most pupils should be taught for 80 per cent of the time and the demoralised workforce that must teach the curriculum, Miss Robbins, and thousands of heads and deputies like her, now face a task as difficult as running any large corporation. She does not intend to shirk it.

"With each child we must remember at all times that they will have only one bite of the cherry at their education. We need to get it right."

John Authers

UK car sales are rising on the back of manufacturers' discounts, says **John Griffiths**

The price is right

The UK has become a lonely, glittering prize for Europe's recession-battered motor industry. Carmakers in continental Europe, surveying the wastelands of their domestic markets, where sales fell last year by up to a quarter, are casting covetous eyes at the one big market in Europe enjoying what now looks like strong and sustainable growth.

New car registrations in the UK increased by 11.6 per cent last year – far more than the industry dared to predict 12 months ago. Even pessimists in the industry now expect sales to climb throughout the year.

But the explanation for the British revival is not a straight-forward tale of rising demand, and suppliers rushing to catch up. Much of the sales growth has been the result of consumers being wooed as never before by carmakers seeking either to stem losses or hang on to profitability and to keep production lines going. With few signs of market recovery on the Continent, consumers can expect the wooing to go on.

The response of the consumer has caused some mayhem and not a little heartache among the big carmaking rivals. Where traditionally many motorists would stick with one manufacturer for a lifetime, they are now switching between makers according to which is offering the best deal.

"Today's customer has become mobile, choosy – and totally disloyal," says Mr Alan Pulham, director of the National Franchised Dealers' Association.

The break up of customer loyalties, is apparent in the Society of Motor Manufacturers and Traders' figures. Sales in relatively new market niches, particularly leisure four-wheel-drive vehicles such as Rover's Discovery and "people carriers" like Renault's Espace, are still small but enjoying rapid growth.

Most spectacularly, those manufacturers which have established reputations for diesel models are enjoying a field day: diesel car sales last year almost doubled to 340,000 and they now account for one in five of new cars sold.

Mr Tom Purves, managing director of BMW (GB) says that the German executive carmaker had expected to sell 1,200 of its new diesel 3 and 5 series cars after their launch in the UK in the summer. "We're past 1,800 and simply can't get enough."

In such niche markets sales have risen unaided but in the mainstream the battle is being fought increasingly on price, with the biggest gains and losses in terms of sales last year correlating closely to the size of the discounts being offered.

Ford, once the market leader, is now struggling to maintain its pre-eminence, trailing behind both Vauxhall and Rover in December's sales figures. Last Spring, it cut the price of its new Mondeo saloon by an average of 6 per cent only a fortnight after launch. Subsequently sales revived.

At the same time, sales figures for last year have dispelled any suggestion that, as Japanese makers Nissan, Toyota and Honda strengthened their manufacturing capacity in the UK, they would push aside all other competitors.

The Japanese manufacturers are enjoying healthy growth – but having to invest as heavily in marketing as everyone else. Sales of Japanese models in the UK rose by more than 15 per cent last year.

In common with other manufacturers, the Japanese companies are having to fight much more strongly than they expected against some of the Continental manufacturers who were expected to be among their early victims.

A rash of well-received and competitively priced new models, combined with improved quality, successful marketing and generous offers on after-sales service, has led to companies such as Fiat, Peugeot and Citroen enjoying some of the best sales figures for any manufacturer last year.

Sales of Fiats, for instance, which had been falling in the UK since the late 1980s, increased by 38 per cent last year. The company was helped in particular by the introduction of the tiny, Polish-built Cinqueconto which set the pace for a new generation of urban runabouts and which virtually no other European makers can yet rival.

The ferocity of the fighting for supremacy which waged throughout last year – and which can only intensify in the absence of any significant Continental market upturn – has led some in the industry to question whether the recovery is as strong as it appears.

In carefully-timed broadsides just before and during the London motor show in October Mr Pulham, whose NFDA members sell four-fifths of all new cars, accused manufacturers of desperately trying to preserve market positions by "forcing" the market.

He said dealers were being pressurised into registering cars for which there were no final buyers in order to qualify for manufacturers' sales bonuses. By intensifying the downward pressure on prices, he argued, the practice was having an adverse effect on dealers, and because of the knock-on effects in the second-hand market, ultimately on the motorists as well.

According to Mr Pulham, August alone saw at least 40,000 such cases.

Such attacks on the tactics of carmakers may be prompted partly by dealers' self-interest. More than 2,000 dealerships have gone bust or changed hands in the past two years of recession, as sales margins have been squeezed. Meanwhile, the leading manufacturers are dismissive of the impact of their attempts to increase sales, saying "pre-registering" has been part of the UK car market scene for years.

In addition, industry analysts such as Garel Rhys, professor of motor industry economics at Cardiff Business School, estimate that the net effect of pre-registration is probably only a slight over-statement of the new car market's size. Year-on-year comparisons hold good and yesterday's statistics are a fair reflection of the trend, he believes.

But another grievance of many dealers may prove of more significance: that the interests of individual consumers are being threatened by the practices of carmakers which sell direct to large fleet operators, bypassing the dealer networks.

The NFDA says that such deals, which can involve discounts of 35 per cent or more, now account for more than 300,000 car sales a year – nearly 20 per cent of the total. As recently as the late 1980s, such deals were rare.

The figures highlight the enduring popularity of the company car, many of which are now supplied from fleets, in spite of the progressive erosion in the past decade of their tax advantages. The latest changes to the company car tax regime, which come into effect on April 6, are expected to be broadly neutral.

The NFDA maintains that the discounts offered to fleet buyers have to be paid for somehow – and that small company buyers and private motorists are subsidising them. New car list prices could be cut by 5 per cent if such deals were outlawed, says the NFDA. But the association is not optimistic that its call for such practices to be outlawed will be heeded.

Such disputes over practices, however, cannot disguise a new found ebullience among both those who sell as well as make cars. This year, says Mr Ernie Thompson, the former Ford director recently appointed chief executive of the Society of Motor Manufacturers and Traders, sales should rise further by nearly 100,000, to 1.86m.

"To put that into perspective, it is still 20 per cent down on the 1989 peak," he says. But for many dealers, the fact that the British recession is history will be enough.

The uprising in southern Mexico marks a society mired in poverty, writes **Damian Fraser**

Victory elusive for rebels with a cause

In the main square of Ocosingo, a market town tucked in a mountain valley in the southern Mexican state of Chiapas, the shooting sounded like fireworks being set off to celebrate New Year. But when local people looked outside they saw young men and women dressed in green with red scarves, wearing balaclavas and brandishing machine guns.

Groups of guerrillas soon took over the modern town hall, killing four policemen. Then they seized the radio station, the bank and other public buildings. They broke open government stores and encouraged people to take whatever they wanted.

Pierre Housin, a Parisian who had come to Ocosingo to see his daughter marry a local businessman, said the rebels entered the hotels and told the town's handful of tourists they were not at risk. "At 7.30am I saw men in green coming through the town with machine guns, and we were extremely worried. But they weren't after foreign tourists and left us alone." The men then headed for the home of the town's wealthiest rancher, kidnapping him and his family, ransacking the house. His son-in-law was still missing three days later, but the rancher came back safely.

The rebellion in Ocosingo was repeated in two other towns in Chiapas and in the colonial city of San Cristóbal. It was the most violent uprising against the Mexican state since the 1910 revolution which toppled the ruling dictator.The fighters, members of the self-described Zapatista Army of National Liberation, declared war against the government on behalf of the country's 7m Indians.

Commander Marcos, the rebel leader who helped co-ordinate the attack on San Cristóbal, said it had been timed to coincide with the effective start of the North American Free Trade Agreement. The insurgents were fighting for democracy, land, food, housing, justice, they informed startled residents.

Speaking from the top floor balcony of the town hall, and wearing the trademark green and red uniform, Commander Marcos told the crowd below that he had taken over the town "because there were no conditions for free and democratic elections. In our declaration of war we call on the leaders of the state to use their constitutional powers to depose the government of President Carlos Salinas and his cabinet and in its place install a transitional government."

The words proved hollow. Three days after the uprising began, the rebels had abandoned all the towns, leaving graffiti, burnt-out buildings and about 60 dead from clashes with the army. In Ocosingo some 30 were killed by army forces, their bodies lying scattered in the market place which they had made their headquarters. Six were lying face down with bullet holes in the back of their heads.

Most of the guerrillas, up to 2,000 strong, were young Indians from small villages in the surrounding hills and jungles. Many carried AK-47 machine guns; others nothing more than wooden replicas. Some said they been training for years, but others looked as if they had never carried a gun before.

The slick statements of their leaders seemed at odds with the inarticulate explanations offered by the rank and file for the revolt. Along the road from San Cristóbal to Ocosingo, eight teenagers said they had never heard of the free trade agreement. They said they had taken up arms to fight against the poverty in which they live.

> **Some fighters said they had trained for years; it seems others had never held a gun before**

The group, one as young of 15, had lost its commander and had not eaten for two days. "We have nothing where we live, nothing to eat," said the leader in halting Spanish, as he clutched a radio with no battery. He said they threw away their weapons as soon as they heard army rocket fire. They thought they would continue to fight, but were not sure.

AP

A woman grieving over the death of her cousin in San Cristobal

The insurgents come from Mexico's poorest state, which, with its large Indian population and endemic poverty, is more akin neighbouring Guatemala than to the rest of Mexico. Indians have generally worked in large farms belonging to landowners of Spanish descent or eked out a living from the corn and beans they produce on small plots of land.

In recent years some 15,000 Indians from San Juan Chamula near San Cristóbal have been expelled from their land by *caciques* (local political bosses), partly for embracing protestantism and also for becoming teetotallers, so cutting the value of the *caciques* alcohol monopoly. Other Indians in the jungle have lost land to loggers, the state oil company and cattle ranchers. The abuse of their rights has long been criticised by the church.

Many residents of the region have been angered by the revolt, and discrimination against an already oppressed minority may be stepped up as the army and police search the area.

> **Discrimination against the Indian minority may grow as army troops search the area**

Outside Ocosingo, Elias Morales, a 30-year-old lorry driver, fled the town with his lorry as soon as the fighting began. "This is going to have a terrible effect on commerce. Its going to make it difficult for us," he said. "The rebels are people who do not want to work. They should defend their rights peacefully. They have destroyed what we have built."

Some people are more sympathetic to the plight of the peasants. Mr Jacindo Arias, president of an organisation of Mayan and Zoques writers in Chiapas, said: "The situation of Indians has improved in some ways but they are now demanding more. Modernisation and greater communication within the country have made them more aware of their rights." Indian groups throughout Mexico, who have denounced the rebel action, have becoming increasingly organised in recent years, following their counterparts elsewhere in Latin America.

As aircraft hovered over San Cristóbal, firing rockets into the hills, the government was trying to play down the significance of the revolt. Mr Eloy Cantu, a senior official with the interior ministry, said peasants had been manipulated by a group of violent extremists, probably trained abroad.

The political impact of the uprising is still unclear. The ruling Institutional Revolutionary Party still remains the overwhelming favourite to win this year's presidential election, but its candidate, Mr Luis Donaldo Colosio, may come under some pressure to stress still further the social aspects of his policies, and soften commitments to more economic change.

The more pressing challenge for the government will come in the weeks and months ahead as the army seeks to root out the guerrillas who have returned to their homes. The government is caught between wanting to capture those involved as soon as possible and not wishing to alienate Indian villages through excessive force, which would attract criticism from human rights groups.

President Salinas said on Thursday that there would be full respect and support for communities as action was taken against the rebels. But he also warned that any further violence would lead to a political clampdown and possibly to a curtailment of civil liberties. This could turn an isolated uprising into something more widespread.

From Mr Arias came a note of warning. "The rebellion is not a broad indigenous movement, but if there is oppression, it could become one," he said. "Indigenous peoples have to be given a voice in society."

Figures and fiction

UK TV groups face upheaval, says **Raymond Snoddy**

The day after Christmas, the BBC showed a feature film-length version of One Foot in the Grave, its hit comedy about the curmudgeonly pensioner, Victor Meldrew. The accident-prone grump pulled an audience of 20m for his One Foot in the Algarve and helped to clinch a holiday ratings triumph for the corporation. On Wednesday the BBC launches its most expensive costume drama, the £6m six-part adaptation of George Eliot's novel, Middlemarch.

The contrast this week with the commercial ITV network could not be more stark. There the talk is not of populist programmes and Victorian fiction, but about the cut-and-thrust of multi-million corporate deals and the first signs that newspaper groups, looking over their shoulders at media link-ups in the US, might before long be allowed to own commercial broadcasting companies in the UK.

Following the government's decision in November to allow one company to own two ITV licences, a mould-breaking process of consolidation is under way.

This week a majority of Central shareholders accepted an agreed bid, worth about £750m, by Carlton Communications, holder of the London weekday licence. Meanwhile, London Weekend Television continued its struggle, against apparently overwhelming odds, to avoid being swallowed up by Granada, the leisure and television group, in a hostile bid worth about £670m.

"ITV is undergoing fairly significant change and we will not fully understand it before the end of the year, until the dust settles," said Mr Greg Dyke, chief executive of London Weekend Television.

This week LWT lost a significant round in its battle to stay independent. The company confirmed that takeover talks with Yorkshire-Tyne Tees had collapsed. Under the plan LWT would have taken over the Yorkshire Television broadcasting licence and Anglia would have taken over Tyne Tees. As part of the deal Anglia would have received a share of the combined earnings of the overall Yorkshire-Tyne Tees group, based on the amount it invested in the agreement. Even though Yorkshire was prepared to recommended the deal, the Anglia board said "no", leaving itself a takeover target.

LWT plans to continue with a defence based on its managerial record, backing it up with the publication next week of a profit forecast that could top £40m for 1993. City analysts nevertheless regard a Granada victory as inevitable following the collapse of the Yorkshire talks.

Meanwhile, Lord Hollick, chief executive of MAI, the main shareholder in Meridian Broadcasting, the south of England ITV company, is interested in an agreed merger with Anglia but only at the right price. It is not clear that he will pay the present one of 472p or that Anglia is planning to fall quietly into his arms. But few in the industry believe Anglia is big enough to remain independent in the longer term.

With a further relaxation of the ITV ownership rules possible, allowing ownership of more than two licences before the end of this year, Carlton, Granada and possibly MAI could emerge as the dominant players in the network.

These chess moves gathered pace against the background of an announcement by national heritage secretary Peter Brooke that the government plans a comprehensive review of the UK's restrictive cross-media ownership rules. At the moment newspaper publishers cannot own more than 20 per cent of a commercial broadcaster in the UK.

The review was promised in November, when the ITV ownership rules were liberalised. But the setting up of the review, bringing together officials from National Heritage, the Department of Trade and Industry, the Treasury and the 10 Downing Street Policy Unit is a sign that change is likely – although to allow newspapers to own ITV companies would require legislation.

The government is trying to square a difficult circle – maintaining diversity and choice for audiences while creating UK media organisations large enough to play on the world stage.

The setting up of the review has pleased newspaper owners, several of whom have been lobbying for months under the banner of the British Media Industry Group for media ownership rules to be eased. The group brings together four newspaper publishers: Associated Newspapers, publisher of the Daily Mail; The Guardian Media Group; Pearson, owner of the Financial Times; and The Telegraph, which wants to expand its television interests.

One option for examination is whether ownership of the media should be treated like other industrial activities and regulated through existing monopoly and mergers rules.

So far, the upheavals have been about purely UK domestic battles, even though since January 1 the relaxation of ownership rules has made it easier for European Union companies to take over ITV companies. So far the silence has been deafening. If a continental invasion were ever to materialise, on top of the existing turmoil, executives at the ITV companies might exclaim – to use Victor Meldrew's catchphrase – "I don't believe it".

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

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EU traveller finds barriers slow to come down

From Dr Harold W D Hughes.

Sir, At the conclusion of Andrew Hill's very relevant article ("Balloon struggles to get airborne", January 5) on the single market and the need for better enforcement towards the level playing field, he mentions the failure to withdraw passport formalities across member state boundaries.

In my recent experience, this is getting worse, not better. For a simple flight between the UK and continental Europe I have usually been obliged to produce my passport on no less than three occasions: once at check-in, then in passport control, and just before boarding the aircraft. We were surely all told that the coming of the European Union would do away with this kind of thing.

Is a new law to be enunciated? For all governmental actions (especially those stated to have the reduction of bureaucracy as their objective) greater bureaucracy will result.

Harold Hughes,
director-general,
UK Offshore Operators Association,
3 Hans Crescent, London SW1

£1m is not happiness for all

From Mrs J E Barnes.

Sir, Backing up R L Webb's letter (January 2) with regard to the proposed £1m premium bond prize, I would go further and suggest that this sum be divided into prizes of £1,000 each. Surely, like the thoughts of Micawber, £1,000 for most equals happiness and £1m for a few equal unhappiness all round.

And unless Ernie takes note of public opinion I intend to draw out my not inconsiderable holding, which until recently attracted a regular prize of £50, which encouraged me to buy more.

J E Barnes,
36 Lakeside Park Drive,
Reydon,
Southwold,
Suffolk IP18 6YB

Companies increasingly willing to help promote training effort

From Mr Graham Hoyle.

Sir, David Soskice's article, "UK's wrong turning on training" (January 6), outlined persuasively why British industrial employers have been historically less committed and involved in vocational training than their international competitors. That the UK is lagging behind is not disputed. He concludes, however, that our employers will not, indeed cannot, change; therefore the education system must continue to bail them out.

The UK cannot afford to adopt such a defeatist stance. I believe the growing acceptance by companies large and small of the need to commit themselves to being "investors in people", systematically developing the skills and potential of their workforces, demonstrates a potential change in industry's approach to skill development. This is a long overdue and welcome revolution that needs everyone's support.

The article also appears to suggest that the high-level vocational qualifications that will be achieved through the proposed modern apprenticeship will in some way be of lower value than traditional educational qualifications. This is quite incorrect. Vocational qualifications measure and accredit the application of knowledge learned – knowledge often learned quite rightly at educational institutions. Indeed, they are a natural development of the successful "applied learning" courses that were the hallmark of polytechnics in the 1970s and 1980s. We must move away from the damaging either/or, or "better than" debate. There is a need to encourage everyone to achieve higher qualifications, vocational and (so-called) academic. As such, the proposed modern apprenticeship offers another route to which many will, for the first time, be prepared to say "yes".

Finally, the assertion that the UK needs organisational and computing, rather than vocational, skills cannot be left unchallenged. The former are vocational skills. The challenge is that both higher education offerings and apprenticeships must deliver these with full employer support.

Graham Hoyle,
chief executive,
Gloucestershire Training and Enterprise Council,
Conway House,
33-35 Worcester Street,
Gloucester GL1 3AJ

Dance scene

From Ms Susan Hoyle.

Sir, In the introduction to his lively article, "Find the dancers a home" (January 1), Clement Crisp assumes the Arts Council has "arranged" to scale down London Contemporary Dance Theatre and increase the size of Rambert Dance Company.

It is in fact the artistic directors of the Contemporary Dance Trust and Rambert, not the Arts Council, who have determined the future direction and size of each company. It is a pity that Mr Crisp's very cogent plea for the establishment of a dance house is marred by factual inaccuracy and a limited view of our diverse and innovative contemporary dance scene.

Susan Hoyle,
dance director,
The Arts Council of Great Britain,
14 Great Peter Street,
London SW1P 3NQ

Correct representation of views on local government

From Mr Peter Crowe.

Sir I refer to Mr Philip G Yuill's letter (January 4) concerning local government reorganisation. The Teesside and District Chamber of Commerce, with some 1,100 member companies, has had a local government working group with the Confederation of British Industry and the Teesside Small Business Club for many years now, and has been consulting both its members and the larger business community over this issue for some considerable time. Our members range in size from the region's very largest companies to one-man-bands. Representations made on their behalf are their own views and are not made, as Mr Yuill states, by "those who have a vested interest in the debate".

Mr Yuill refers to partnerships between the local councils and the private sector. This chamber of commerce was invited by all our local councils to assist them in developing their City Challenge bids and we have representatives on both the boards and executive committees of Hartlepool, Stockton-on-Tees and Middlesbrough City Challenge groups, as well as specialist working groups.

The chamber movement, both on Teesside and nationally, has an excellent record of partnerships with local government. My attendance at the launch of the putative Tees Valley Development Company on a "bitterly cold foggy morning" (as Mr Yuill describes it), on behalf of the Teesside Chamber of Commerce, is an indication that we will continue to work with local government on economic development in our region, as we have been doing for some 130 years.

We believe that, having consulted our members extensively, we have correctly represented their views concerning the future of local government in the region.

Peter Crowe,
chief executive,
Teesside Chamber of Commerce,
Commerce House,
Exchange Square,
Middlesbrough, Cleveland

Granada goes on the offensive in LWT bid

By Raymond Snoddy

Granada, the leisure and television group, last night went on the offensive in its hostile takeover bid for London Weekend Television, now worth more than £700m, with a new appeal to LWT shareholders.

In a letter to them Mr Alex Bernstein, Granada's chairman, said the closing price of 553½p for Granada's shares on Thursday valued each LWT share at 664p, a premium of 79p, or 14 per cent, to the LWT share price on the last dealing day before the offer.

Granada's shares rose 26p to 579p yesterday, an increase that took the value of the share deal past £700m.

Mr Bernstein warned in the letter: "We believe that if you reject our offer the current level of LWT's share price is unlikely to be sustained."

The offer was extended for two weeks after the first closing date of December 29 when Granada received acceptances covering 2.31 per cent of LWT's equity to add to the 17.5 per cent it already held in the London ITV company.

Investors were waiting for the Granada offer to be sweetened but the pressure to make an improvement was reduced by the collapse of LWT's takeover talks with Yorkshire-Tyne Tees.

The talks under which LWT would have taken over Yorkshire and Anglia Television would take over Tyne Tees were scuppered earlier this week when Anglia rejected the plan at a board meeting.

The Anglia rejection came despite proposals that would have meant Anglia receiving a share of any combined profits from Yorkshire-Tyne Tees.

The proportion was to have been determined by the amount of money each company put into the deal.

In his letter Mr Bernstein renewed the Granada claim that LWT, with only "one business activity of any significance" had neither the size nor the resources to take full advantage of new opportunities.

Granada pointed out that brokers were forecasting pre-tax profits for 1993 of between £35.5m and £37m for LWT.

"Even if the estimate of profit before tax for 1993 were some £45m, implying earnings per share of 27.8p, you should ask yourself how sustainable an increase of that magnitude would be", the Granada chairman wrote.

LWT will publish its profit forecast next week but there are signs that the company is preparing a surprise defence to try to keep its independence.

Meanwhile, the Office of Fair Trading has extended its investigation into the deal.

Putting away their knitting needles

A growing number of friendly societies are diversifying into new areas, reports **Alison Smith**

It is hard to think of a more unlikely bunch of revolutionaries than a group which includes the Dentists Provident Society and the Metropolitan Police Friendly Society.

Yet this week, by joining the growing number of friendly societies which are using their ability to become incorporated to spread their wings and extend the range of services they can offer, they are contributing to a movement which has implications for the financial services sector more generally.

Altogether, 12 societies have taken advantage of the powers they acquired under the Friendly Societies Act 1992 – 10 of them doing so this week.

In numerical terms they are only a fraction of the 450 or so extant societies, but since they include the two largest, this group now accounts for more than three quarters of the £6bn or so funds under management by friendly societies.

Societies see the advantages of incorporation clearly. Previous legislation tied them more closely to their origins in the co-operative movement and in welfare provision than some thought necessary.

They were limited to selling long-term contracts, such as life assurance and pensions policies, and also faced restrictions on the range of tax-exempt investments they could offer.

The 1992 Act allowed them to incorporate and set up subsidiaries to carry out a range of related activities, provided that the Friendly Societies Commission, the regulator, agreed the plan, and the societies' members approved the move.

The list of activities permitted after incorporation is a sign of how diverse the sector is. Unit trusts and Peps, or general insurance are small steps from the mainstream business carried on by the larger societies, but moving into the administration of nursing homes or sheltered housing is a more surprising possibility, even though some societies, such as the Holloway Original, are already in this area.

'If I could pay something now to make sure my mother would never come and live with me I probably would'

So far, however, the main societies are looking to financial services.

Liverpool Victoria, which has £2.8bn under management, will offer buildings and home contents insurance, and is planning to act as an agent for mortgage business together with a building society.

Royal Liver Assurance, which has just over £1bn under management, is also planning to enter the general insurance business.

Both societies, which collect their premiums door-to-door, see this, rather than immediate access to more sophisticated savings arrangements, as what their market wants.

In the longer-term, however, both see other opportunities, particularly in the needs of individuals and their families as people retire earlier and live longer.

"If I could pay something now to make sure my mother would never come and live with me I probably would," Ms Lindsay Firth McGurkin, head of marketing at Liverpool Victoria, commented as she contemplated possible new areas of business.

Others which have incorporated have a different approach. Family Assurance Friendly Society was the first to make the move, last summer, and immediately entered the Pep market.

The society, which has £717m under management, is a far cry from the long-standing, collecting societies. It was set up in 1975 to market tax-free savings, and sells products to its members through, for example, independent financial advisers and through newspaper advertising and direct mail.

Like the collecting societies, however, Mr Barry Chambers, Family Assurance's marketing director, sees the future of the welfare state as offering a significant opportunity. "Friendly societies are united in making sure the sector gets a share of the cake," he said.

He added that the society would also be interested in moving into fund management for charities and small pension funds and providing administrative services to other societies.

These changes do not mean that the friendly society sector will immediately change completely.

Many, often smaller, societies will still see incorporation as irrelevant. Nor is there likely to be a stampede among those which do incorporate into esoteric areas in which they lack previous experience.

Ms Marion Poole, general secretary of the National Conference of Friendly Societies, described the societies as "sensibly cautious".

"Friendly societies are going to take their time, if only to avoid the equivalent of buying a chain of estate agents just before the bottom falls out of the property market," she said.

For the longer term, however, the largest friendly societies have shown their determination to adapt in order to survive. They will not simply, in a much-used phrase, "stick to their knitting", even if they are practising their crochet before considering fancy embroidery.

Pace of flotations continues as United Carriers seeks listing

By Catherine Milton

The frantic pace of the new issues market seemed barely to have skipped a beat over the holidays as a parcels and freight distribution company yesterday publicly announced its intention to float – just one week into the new year.

United Carriers Group, which owns one of the main operators in the heavy parcels and light freight sector within the UK's transport and distribution industry, intends to seek a listing on the London Stock Exchange by way of a placing likely to value the company at a maximum £50m.

The placing will raise between £5m and £10m of new money.

"We will use the cash raised from the listing to finance depots," said Mr Allan Binks, chairman, who with his three fellow board members expects to become a millionaire as a result of the flotation. It is not yet clear what stake the board will have after the flotation.

Trevor Humphries

On the road to flotation: Nigel Sargent, finance director, hitches a ride on one of the group's lorries driven by Allan Binks

Mr Binks said the move would provide an exit for the 35 per cent stake held by venture capitalists, led by Phildrew Ventures. They backed the management in a £55m buy-out from Bunzl, now a paper and packing company but then a conglomerate.

Bunzl had acquired the business, which then included an engineering arm, in 1985 for £95m. By 1988 the parcels side was incurring losses as fierce price competition reigned in its overcrowded market.

Following the buy-out, the management team reorganised the parcels and freight distribution business, adding further services in the same sector and selling non-core operations.

Today, United Carriers operates from 34 depots nationwide with a staff of more than 3,000. As well as business-to-business deliveries of larger parcels, it provides several specialist distribution services.

The company offers Europe-wide distribution through the General Parcel network, under which operators within 18 countries combine to form a cross-border service.

Operating profits on continuing activities, before exceptional items, were £4.5m in the year to December 1992. Turnover was £93m. Cash inflow was £6m and borrowings were about £10m, against £24m of shareholders' funds.

Trafalgar completes last stage of rescue package

By Simon Davies

Trafalgar House yesterday completed the final hurdle in its financial restructuring when shareholders unanimously approved a proposed £425m rights issue and placing of convertible preference shares.

Mr Simon Keswick, Trafalgar's new chairman, described the rights issue – the company's second over a 10-month period – as providing a "fresh start". Analysts agreed that it was a turning point in the fortunes of the troubled conglomerate, and suggested that further capital raising would be "unthinkable" within the next two years.

Shareholders were being asked to approve a 1-for-3 convertible preference share issue, and a further £70m placement of convertibles aimed at broadening the company's institutional shareholding base. The capital raising represents a rescue package to offset exceptional write-downs of £397m, which brought the valuations of the group's properties, hotels and other investments down to realistic levels.

The acceptance of the rights issue represents a victory for 25 per cent shareholder Hongkong Land, the cash rich property investment arm of the colony's Jardine Matheson group.

Hongkong Land was the force behind the restructuring, which followed the appointment of its finance director to the Trafalgar board. The Jardine group has secured short-term credit lines for Trafalgar from HSBC Holdings, which has historically-strong bonds with the "princely hong". In August its control will be further demonstrated by the arrival of Mr Nigel Rich, Jardine's "taipan" – or managing director – as the new chief executive.

Limit makes £22m increase in commitments to Lloyd's

By Richard Lapper

London Insurance Market Investment Trust, the biggest of Lloyd's 21 corporate members, yesterday announced a £22m increase in its commitments to the Lloyd's insurance market.

Limit has raised £280m from institutional and retail investors and will provide backing for 101 syndicates managed by 33 managing agents and will provide nearly a third of the £1.6bn in Lloyd's capacity supplied by corporate capital.

The final allocation of £502.5m compares with £480.5m previously agreed with managing agents when Limit, which was sponsored by Samuel Montagu and James Capel, issued its listing particulars in November last year.

The managing agents to which additional capacity has been allocated are Wellington, Kiln, DP Mann, RGB, Spreckley Villers Burnhope and Venton. Limit is supporting three syndicates not included in its listing particulars.

Two of these – 1038 and 1184 – were previously part of the Merrett Group, whose Lloyd's underwriting interests were transferred to separate agencies late last year. The third new syndicate, 1215, was created through the recruitment of the underwriting team of 418, another Merrett syndicate.

Syndicate 1215, managed by Janson Green agency, may accept the reinsurance to the close of syndicate 418's 1991, 1992 and 1993 pure underwriting years but it will not assume responsibility for 418's underwriting liabilities in respect of 1990 and prior years.

The agency most favoured by Limit is Murray Lawrence, nine of whose syndicates have been allocated £50m of Limit's capacity. Other agencies favoured by Limit include the Brockbank Group (£45m) and Bankside Syndicates (£40m).

Williamson Tea ahead at £6.15m

Profits of Williamson Tea Holdings rose from £4.23m to £6.15m pre-tax for the six months to September 30. Turnover rose by £2.97m to £20.7m.

Directors said the results should not be taken as a guide to the full year because owing to its seasonal nature the tea crop is not harvested equally throughout the 12 months.

Adverse climatic conditions reduced the Indian crop but there were improvements in both Kenya and Tanzania.

Earnings emerged at 100.8p (74.33p) per share and the interim dividend is a same-again 10p.

The company is ultimately owned by George Williamson Holdings.

Hopkinsons shares fall on warning

Shares of Hopkinsons Group dipped 5p to 43p yesterday after Mr Bill Goodall, chairman of the industrial abrasives, plastic products and gas control equipment group, warned of a pre-tax deficit in the second half.

Hopes for improvements at Bryan Donkin Engineering and the Carborundum Abrasives operation in Germany had not been realised, he said. The group would, nevertheless, record a profit for the year before any provision for future restructuring costs. A cost reduction programme was being implemented and it expected to maintain the annual dividend.

The group is expanding its plastics side with the purchase of Scottish Foam's plastic injection division for £1m cash plus about £120,000 cash, dependent on stock valuation.

Terence Chapman acquires Synergo

By Alan Cane

Terence Chapman Associates, a privately held management consultancy based in the City, has come to the rescue of Synergo Technology, a small software house financially damaged by the Stock Exchange Taurus fiasco.

It has paid an undisclosed sum for the nine-year old London-based software house which supplies stockbroking, stock lending and settlement software products to brokers and institutional investors.

A profitable company with 100 staff and revenue of £3.5m in 1992, it was hard hit by the cancellation of Taurus, the Stock Exchange's proposed automated settlement system, in which it had invested £1.8m. Despite a respectable client list, the losses on Taurus left it with a severely weakened balance sheet.

The acquisition is Terence Chapman's first. For 1992-93 it had turnover in excess of £5m (£3.1m) and is planning to float within the next five years.

Terence Chapman said its interest in Synergo lay in the company's expertise in open and client-server systems. The two companies would operate independently of each other under a group structure.

SNC director poised to retire

Mr Anthony Abrahams, managing director of the UK marketmaking operations of Smith New Court, is to retire from his executive duties in April.

He will remain on the board as a non-executive director.

Yesterday Mr Abrahams sold 175,000 SNC shares at 415p each, while his wife Celia sold another 25,000 at the same price. The couple still own 106,027 shares.

Mr David Marks, currently deputy managing director, succeeds Mr Abrahams, while Mr Colin Taylor and Mr Adrian Pinkus become deputy managing directors.

CHC Helicopter lifts stake in Brintel to 90%

By Bernard Simon in Toronto

CHC Helicopter Corp of Newfoundland has lifted its stake in Brintel Holdings, the UK helicopter operator which was formerly part of Mr Robert Maxwell's business empire, from 40 per cent to 90 per cent.

CHC has also acquired the outstanding 50 per cent of the preference shares and plans to make an offer soon for the remaining ordinary shares, held by the employees.

The shares were bought from institutions and Brintel's management.

The total cost, assuming the offer to Brintel's employees is accepted, will be about C$36m (£18m).

Brintel, based in Aberdeen, was formed a year ago to acquire the assets of British International Helicopters from the administrator. In the 10 months to November 30 1993 revenues were C$75m for net profit of C$8m.

It operates 25 heavy and medium helicopters servicing North Sea oil rigs. It also provides simulator training for commercial and military helicopters, and operates a shuttle service between Penzance, Cornwall, and the Scilly Isles.

Ensign Trust sells 16.7% stake in Ivory & Sime

By James Buxton

Two Scottish groups now control significant stakes in Ivory & Sime, the quoted Edinburgh-based fund management company, following the sale of Ensign Trust's 16.7 per cent stake in the company.

Abtrust, the Aberdeen-based fund management group, has bought 2m shares in Ivory & Sime – amounting to a 6.9 per cent holding – on behalf of clients which include unit trusts and investment trusts under Abtrust's management.

Scottish Value Trust, an Edinburgh-based investment trust, has bought 1.8m shares, representing 6.3 per cent of the equity.

Ensign Trust, a company controlled by the Merchant Navy Officers Pension Fund, sold its 4.8m shares in Ivory & Sime after the fund manager lost contracts to manage investment portfolios controlled by the pension fund.

Other purchasers of the Ensign Trust stake have not identified themselves.

The sale of the Ensign Trust stake leaves Sumitomo Life of Japan as the biggest shareholder in Ivory & Sime, with 15 per cent.

Ash & Lacy buy

Ash & Lacy has paid about £600,000 cash for Walker Brothers (Galvanizing), a subsidiary of BB&EA. For the year to end-June 1993 Walker incurred a pre-tax loss of £200,000 on turnover of £2.8m.

NEWS IN BRIEF

ASSOCIATED Nursing Services: Offer for Broadwater Homes accepted in respect of 719,305 shares (57.82 per cent). ANS now controls 1.05m shares, representing 84.47 per cent. Offer remains open until January 21.

BANNER HOMES Group has received valid acceptances for its recent rights issue in respect of 3.55m new ordinary shares (98.4 per cent). Subscribers have been found for the balance at a premium of about 30p a share.

BODYCOTE International is buying the Mechanical Metrology Laboratory from the government's Defence Research Agency for an undisclosed sum.

ELECTROCOMPONENTS has, through its RS Components division, formed a 50:50 joint venture with the Control Group of New Delhi.

FKI subsidiary, Bristol Babcock, has received an order exceeding $5m (£3.3m) from El Paso Natural Gas, one of the largest gas pipeline companies in the US. The order is for the supply and installation of a radio-based SCADA system to automate the measurement and control of 1,300 gas wells primarily in the Farmington, New Mexico, region.

KELT Energy has completed its acquisition of the Cameroon upstream operations of Total, which include an interest in the producing Moudi oilfield, the floating export terminal, and a number of oil, gas and gas condensate discoveries. Kelt's equity will be equivalent to a 13.33 per cent revenue interest in all of the properties.

LIT HOLDINGS: Qualifying shareholders applying for more than their minimum entitlement in the recent 1-for-3 open offer will receive up to a maximum 1 further share for every 5.82m new ordinary shares deemed to be held at the close of business on record day.

OSSORY ESTATES has changed its name to Orb Estates.

ROYAL LIVER Assurance, one of the largest and longest established friendly societies, has announced its incorporation on January 1, under the Friendly Societies Act 1992. Funds under management total over £1bn.

SANDERSON MURRAY and Elder (Holdings) has changed its name to Sanderson Bramall Motor Group.

SERIF: of the 49.5m new shares offered in the recent rights issue some 28.8m shares, representing the renounced rights of John Pryke and certain members of his family and Ray Deeks, have been placed with institutional and other investors. Of the balance acceptances for 17.9m shares (86.6 per cent) were received.

TAY HOMES: the recent rights issue was accepted in respect of 7.09m new ordinary shares, some 97 per cent of the number offered.

TORDAY & CARLISLE is disposing of one of its long leasehold properties at Beeston, Leeds, for £500,000 in cash. The proceeds will be used to reduce debt.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Jersey Elect ....fin	24	Feb 25	24	37	36
Williamson Tea ....int	10	Mar 1	10	-	22.5

Dividends shown pence per share net.

NEWS DIGEST

Lofs agrees $50m bank facility

London & Overseas Freighters has reached agreement in principle with the Chase Manhattan Bank for $50m (£33.7m) of additional funds.

The new borrowings are to finance additional instalments of the purchase price for the London Glory and to help finance the purchase and upgrade on one or two additional tankers. Of the total some $5m may be used for general corporate purposes.

All amounts borrowed under the additional facility, other than to finance the London Glory, must be repaid prior to the delivery of the vessel but may be reborrowed for that purpose. Upon delivery of the London Glory all borrowings will convert to a term loan repayable over eight years.

Medeva and Proteus in joint venture

Medeva, the pharmaceuticals company, and Proteus International, the computer-aided molecular modelling group, have formed Beavermade, a 50:50 joint venture company.

Beavermade was created by the two companies to combine their expertise in the production of new synthetic vaccines and therapeutics for humans.

Initially it will concentrate on an oral hepatitis B vaccine and a new hepatitis C vaccine.

Glynwed buys RTZ Metal Stockholders

Glynwed, the Birmingham-based engineering group, is extending its European metals distribution business with the purchase of RTZ Metal Stockholders from RTZ, the minerals group.

It would not disclose the purchase price but said that RTZ Metal Stockholders had a net asset value of £5.3m.

Glynwed recently sold its metals distribution business in the US.

Regalian joint venture acquisition

Regalian Properties, through its joint venture with the Sincere Group of Hong Kong, is buying a terrace of houses in London for £1m.

It is intended to convert them into apartments and following a development period of 22 months a gross realisation of more than £5m is expected.

Yule Catto closes Dutch subsidiary

Yule Catto, the speciality chemicals and building products group, is to close Nijs en Vale, its wholly owned Dutch subsidiary, later this year following completion of its existing contracts.

Nijs en Vale, which makes architectural facades mainly in the Netherlands, incurred estimated operating losses of Fl 2.7m (£900,000) and an early return to profitability is not expected.

Closure costs are estimated at Fl 6.5m and about 70 jobs will be affected by the decision.

Yule Catto's 1993 results will make provision for Nijs en Vale's anticipated losses and will also reflect a £1.4m charge in respect of goodwill which arose on the acquisition and which had previously been set against reserves.

DSG International acquires Swaddlers

DSG International, a listed US-based company specialising in the manufacture and marketing of branded disposable nappies, has acquired Swaddlers, the manufacturer of Togs and Cares disposable nappies, from Angelini, Swaddlers' Italian parent.

The deal, for an undisclosed sum, will mean the closure of Swaddlers' plant in Gateshead, Tyne and Wear, and its relocation to Chesterfield, Derbyshire.

A third of Swaddlers' 90 employees will be offered transfers.

DSG nappy brands are sold in more than 20 countries; it has manufacturing plants in North America, Europe, East Asia and Australia.

North Sea Assets £1.35m purchase

North Sea Assets, through its HMB Subwork subsidiary, has acquired Scandive, a leading privately-owned Norwegian operator of remote operated vehicles, for £1.35m cash.

HMB is the largest British-owned operator of remote operated vehicles with a strong presence in the North Sea, west Africa and the Middle East.

Estates & General keeps banks' support

Estates & General, the property investor and developer, said that its bankers had agreed to provide continuing support to satisfy the company's cash requirements through to December 31 1994.

In September, the company reported reduced pre-tax losses of £1.53m for the six months to June 30. The comparable figure of £10.3m was after an exceptional provision of £7.4m.

The company also announced that it was entering negotiations for an extension to its banking facilities. In April it reached agreement for continuing support to December 31.

Wyko makes South African disposal

Wyko Group has disposed of Wyko Bearings & Electronics, its wholly owned South African subsidiary, to Hudaco Trading for approximately R10.72m (£2.1m) in cash.

The value of assets and liabilities disposed of is estimated at R11.22m as at December 31.

The company, which distributes bearings and power transmission components from 11 branches throughout South Africa, reported pre-tax profits of R348,646 for the year to April 30. Net assets at that date amounted to R5m.

Guardian Group funding plan

Guardian Group, the USM-traded building and environmental services company, is continuing with its plans to raise additional finance. It is also continuing with its plans to purchase the remaining divisions of its main shareholder, Guardian Foundations.

The company said that assuming these planned acquisitions, together with the purchase of a further unrelated company, were completed, the capitalisation of the group would increase considerably.

Guardian's shares were suspended on Tuesday at 6p pending publication of the 1993 accounts.

INTERNATIONAL COMPANIES AND FINANCE

Banks fail to stop slide in Metallgesellschaft shares

By Christopher Parkes in Frankfurt

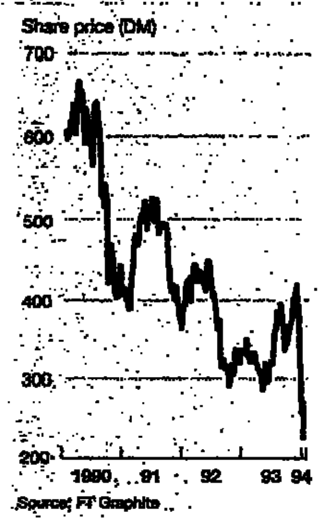
Metallgesellschaft's share price fell almost 20 per cent in Frankfurt yesterday following a turbulent session in which the loss-ridden group's shareholder banks pitted themselves against speculators.

After a day's suspension to allow markets to digest revised losses of DM1.8bn ($1.1bn) last year and the call on creditor banks and shareholders for DM3.2bn in aid, the shares closed down DM52.50 on Wednesday's price at DM218. The price had fluctuated between DM202 and DM227.

Traders expected more erratic movements early next week, at least until Wednesday, when creditor banks are due to respond to rescue proposals prepared by the new management and Deutsche Bank and Dresdner Bank, the group's shareholder-cum-house banks.

Analysts believed the banks would provide the necessary backing, basing their judgment on the relatively modest loss in the shares value yesterday. Traders said shareholder banks were clearly supporting the stock to make sure the planned new share issue, priced at DM250, remained practicable.

Metallgesellschaft



Source: FT Graphite

Longer-term prospects for the share price were unclear, although Mr Kajo Neukirchen, the new chairman, may offer more indications of his restructuring plans at a press conference, provisionally set for late next week.

Most interest is focused on a list of planned disposals from among the company's 250-odd subsidiaries of which few clear details have yet appeared. Mr Neukirchen has undertaken to reduce group payroll costs by up to DM700m a year.

Mr Neukirchen has taken over a company with a potential total loss of DM3.3bn, including a possible DM1.5bn in losses which may be incurred in unwinding New York oil futures positions.

His predecessor, Mr Heinz Schimmelbusch, sacked just before Christmas, is under criminal investigation, it emerged yesterday. The Frankfurt public prosecutors office has taken up the case following a complaint by a small shareholder.

Mr Schimmelbusch and Mr Meinhard Forster, the finance director who was fired at the same time, are being investigated for alleged breaches of the German Companies Act. The main complaint relates to their failure to report a loss which exceeded half the company's equity base.

Last November the company formally announced a pre-tax deficit of DM347m for the year to the end of September.

Commerzbank seeks DM950m

By Christopher Parkes

Commerzbank, Germany's third-biggest stock market listed bank, yesterday unveiled plans for a DM950m ($559m) rights issue, sweetening the offer with a promise of a DM2 dividend increase to DM12 for 1993.

The bank attempted to sharpen appetites for the new shares with the promise that interesting business prospects in its financial services operations would have a favourable impact on 1994 results.

The issue, which follows a smaller financing move early last year, will mean Commerzbank will increase equity capital to DM16bn and achieve its aim of raising the bank's capital-to-assets ratio to 5 per cent from 4.6 per cent in one step.

As on the occasion of the last rights issue, the latest issue is not supported by a full-year profits forecast. However, Mr Martin Kohlhaussen, chairman, was careful to give an informal preview of strong 1992 results last January, just days before the subscription period opened. Last November, he announced profits ahead 52 per cent for the first 10 months of 1993.

Shareholders will be able to subscribe to this year's issue – a 1-for-10 at DM315 a share – between January 24 and February 7. The new shares will be eligible for dividend payments from January 1994, the bank said in a statement.

Commerzbank stock has recently been trading at around DM380 compared with a 12-month peak of DM400, which was reached amid rumours of a possible takeover, and which helped the company's shares outperform those of other big banks.

However, all German banks last year increased their provisions against bad debts. They expect this year to feel the impact of recession. Moody's Investors Services downgraded Commerzbank's long-term credit rating last October.

Credit watch agencies *believe German corporate* insolvencies will increase by about 25 per cent this year.

Commerzbank's DM2 dividend increase includes a DM1 payment attributable to a recent lowering of corporate tax rates, which many banks have said they will pass on to shareholders.

● Bankgesellschaft Berlin has set a price of DM384 for its 5-for-8 rights issue. Bankgesellschaft Berlin comprises Berliner Bank, Berliner Hypotheken- und Pfandbriefbank and Landesbank Berlin.

All three banks expect satisfactory results for 1993.

Groupe Fournier in talks to buy laboratory

By John Ridding

Groupe Fournier, the French pharmaceuticals, chemicals and adhesives group, yesterday said that it was in an advanced stage of negotiations concerning the acquisition of some of the pharmaceuticals activities of Pharmacia of Sweden.

The negotiations involve the purchase of the pharmaceuticals operations of Pierrel Pharma Laboratories, a division of Pharmacia, which was *formerly part of Sweden's Procordia group.*

Groupe Fournier said the planned acquisition was aimed at strengthening its position in the Italian pharmaceuticals market. Pierrel Pharma is based in Milan and would be linked with Groupe Fournier's existing Italian interests, including Farmasister.

A statement from Groupe Fournier said that it was under-represented in Italy, Europe's third largest drugs market. It said the company regarded Italy as an important strategic market in spite of the introduction of health care reforms aimed at reducing the level of health and pharmaceuticals expenditure.

Groupe Fournier achieved sales of about FFr2.9bn ($491.5m) last year, about one third of which came from its pharmaceuticals businesses.

Skandia takes Spanish insurer

Skandia, the Swedish insurance group, is to buy the outstanding 50 per cent of Spanish pension insurer Intercaser de Seguros y Reaseguros, from Caja de Seguros Reunidos (CASER), the Spanish insurance company, Reuter reports from Stockholm.

Intercaser was established through a joint-venture between Skandia and CASER in 1980.

Skandia said the transaction was in line with its operating strategy which was oriented toward increasing emphasis on long-term insurance savings.

Renault sees profit despite downturn

By John Ridding in Paris

Renault, the French state-owned motor group, should report a profit for last year in spite of the sharp downturn in the European car market, Mr Patrick Faure, the company's assistant managing director said yesterday.

Presenting sales figures for last year, Mr Faure said the decline in the European market, which contracted by about 2m vehicles, would have "a major financial impact on Renault's results". But he expected a small profit would still have been achieved.

In 1992, Renault reported net profits of FFr5.7bn ($966m).

Mr Faure said he expected slight growth in the French and European car markets but cautioned that predictions were difficult as car markets had become more volatile.

Renault's total sales of cars and light commercial vehicles fell by about 12 per cent last year to 1.76m units, while its western European sales fell by 16.5 per cent to 1.4m units. Mr Faure said the decline was the equivalent to the output of one of its factories, while the contraction of the European market as a whole, to 12.6m units, was equivalent to the output of a large car producer.

In spite of the depressed markets, the French group noted some bright spots. It said it had maintained its share of the European passenger car market at 10.6 per cent and had increased its share of the French market to 30.6 per cent from 29.5 per cent.

Renault's position in the small car market was strengthened by the launch of the Twingo, which received 140,000 orders between its launch in April and the end of the year. Together with the Clio and the Superfive, the Twingo prompted an increase in Renault's share of France's small car sales to 40 per cent from 33 per cent. In Europe, the UK was the only market to show an overall improvement last year and Renault increased its sales there to 105,200 from 80,500. Italy, Spain and Portugal were the most difficult markets, with Renault suffering falls in sales and market share.

Renault is on the list of 21 publicly owned groups slated for privatisation by the French government. The sale of the government's 79 per cent stake is scheduled for this year, in spite of the failure of Renault's planned merger with Volvo which was meant to take effect at the beginning of this month.

Pacific Telesis to cut 10,000 jobs

By Martin Dickson in New York

Pacific Telesis, the San Francisco-based Baby Bell telephone company, is to take a $576m fourth-quarter reserve to cover a corporate restructuring which will eliminate 10,000 jobs by the end of 1997.

This is the latest of several large job-cutting programmes announced in recent months by America's local telecommunications companies as new rivals nibble away at their traditional monopolies.

It follows the spin-off at the end of last year of Pacific Telesis's mobile communications businesses into a separately quoted company. The reserve, with additional charges of $89m, will reduce fourth-quarter earnings by $1.58 a share.

The job cuts involve Pacific Bell, Pacific Telesis's most important business, which serves the Californian telephone market. It plans to cut 3,000 jobs in 1994 and 7,000 more over the next three years. The subsidiary employs about 52,000 people.

Pacific Bell said the move formed part of a redesign of the company using a management technique called process re-engineering, which involves an examination of the way tasks are performed.

It is instituting a cost-cutting programme, including a reduction of management levels and deferred executive salary increases.

"This will improve customer services, meet our customers' need for lower prices and further prepare us for expanded competition," said Mr Phil Quigley, Pacific Bell's president.

Pacific Bell announced two months ago that it would spend $16bn to create a multimedia communications superhighway across its territory – one of the largest network modernisation programmes announced by local US telephone companies.

Preussag rescues French metals division

By Christopher Parkes

Preussag, the German engineering and metals group, is to prop up its ailing French subsidiary MetalEurop with a capital injection of between DM120m and DM150m ($71m-$88m).

In spite of reassurances of a satisfactory group result for 1992-93 even after allowing for MetalEurop's losses, Preussag's share price dropped DM15.50 to DM451 in Frankfurt yesterday.

The stock market setback was sharpened by rumours of a FFr400m ($67.8m) deficit at the French subsidiary and uncertainty generated by the crisis at Metallgesellschaft, which this week asked banks and shareholders to fund a bail-out package valued at DM3.2bn.

Preussag offered no informa*tion on the extent of losses,* although a statement from MetalEurop said they would be markedly higher than the previous year's FFr167m because of rapidly falling prices for lead and zinc, its main products.

The business was FFr142m in the red for the first six months of last year.

In return for the rescue, Preussag will take a 49 per cent stake in the subsidiary's die-casting and galvanisation businesses in Germany.

The price of the stake will be fixed by independent auditors.

Caparo chief in Indian steel stamping venture

By Shiraz Sidhva in New Delhi

Mr Swraj Paul, chairman of Caparo, the UK-based steel group, yesterday signed an agreement with Maruti Udyog, the Indian car manufacturer and Machino Techno Sales, a Delhi-based plastic auto-parts maker, to set up a Rs400m ($12.7m) steel metal stamping shop near Delhi.

Mr Paul will own 60 per cent of Caparo Maruti, while Maruti Udyog and Machino Techno Sales, a Maruti joint-venture company, will each hold 20 per cent.

The new company, due to start production in April 1995, will be located at Maruti's joint venture complex at Gurgaon, 25km from Delhi. It will aug*ment Maruti's steel metal* pressing capacity with an 800-tonne press line, possibly rising to 1,200 tonnes.

This is the first investment that Mr Paul, a London-based non-resident Indian industrialist, has made in India.

Maruti, a joint venture between the Indian government and Suzuki Motor of Japan, plans to increase production to 230,000 cars by 1996. The company, until recently wholly government-owned, achieved a turnover of Rs22.32bn last year.

Caparo has steel stamping plants in Spain and in the UK.

Indonesian hotel group to go public

PT Mas Murni Indonesia, the *Indonesian group which owns* the Garden Palace Hotel in Surabaya, East Java, is to go public, Reuter reports from Jakarta.

The company is to offer 27.3 per cent of its paid-up capital for public subscription. It will offer 15m shares at Rp2,700 each from January 12, and be listed on the Jakarta stock exchange next month, the company said.

The proceeds will be used to fund the partly-built Garden Tower, an apartment and shopping centre in Surabaya, and to retire some group short-term borrowings.

FT - SE Actuaries Share Indices - Quarterly Valuation

Old classifications	Market cap. as at 31/12/93 (£m)	% of All-Share index	Market cap. as at 30/9/93 (£m)	% of All-Share index	Market cap. as at 31/12/92(£m)	% of All-Share index
FT-SE 100 †	553,284.99	73.08	489,000.00	72.38	447,000.00	75.2
FT-SE Mid 250 †	157,510.88	20.81	144,000.00	21.24	116,000.00	19.5
FT-SE Mid 250 ex. Inv. Trusts †	141,007.06	18.63	130,000.00	19.16	-	-
FT-SE A 350 †	710,795.87	93.89	633,000.00	93.62	563,000.00	94.7
FT-SE SmallCap †	46,244.70	6.11	43,000.00	6.38	31,200.00	5.3
FT-SE SmallCap ex Inv. Trusts †	38,091.74	5.03	36,000.00	5.30	26,200.00	4.4
FT-A ALL-SHARE	757,040.57	100.0	676,074.15	100.0	594,374.08	100.0
1 CAPITAL GOODS (216)	110,378.53	14.58	100,476.22	14.86	77,916.77	13.11
2 Building Materials (28)	23,007.20	3.04	19,362.45	2.86	12,399.66	2.09
3 Contracting Construction (29)	6,562.48	0.87	5,627.79	0.83	3,777.91	0.64
4 Electricals (15)	3,108.42	0.41	3,262.76	0.48	2,506.58	0.42
5 Electronics (39)	16,927.62	2.24	17,072.70	2.53	13,133.66	2.21
6 Engineering-Aerospace (7)	5,564.81	0.74	5,136.71	0.76	3,251.35	0.55
7 Engineering General (49)	13,287.44	1.75	11,955.51	1.77	10,146.33	1.71
8 Metals and Metal Forming (9)	4,712.90	0.62	4,601.59	0.68	3,038.28	0.51
9 Motors (20)	7,279.92	0.96	6,359.73	0.94	5,023.82	0.85
10 Other Industrials (20)	29,927.84	3.95	27,096.98	4.01	24,639.19	4.15
21 CONSUMER GROUP (243)	245,525.56	32.43	220,544.95	32.62	219,568.43	36.94
22 Brewers and Distillers (28)	40,464.40	5.35	34,878.03	5.16	39,445.11	6.64
25 Food Manufacturing (24)	26,601.59	3.51	24,580.94	3.64	23,910.38	4.02
26 Food Retailing (17)	20,745.44	2.74	20,539.15	3.04	24,982.25	4.20
27 Health and Household (31)	55,659.66	7.35	51,432.56	7.60	54,845.13	9.23
29 Hotels and Leisure (21)	16,972.18	2.24	15,457.73	2.29	13,355.57	2.25
30 Media (34)	26,798.62	3.54	22,991.81	3.40	19,074.02	3.21
31 Packaging and Paper (27)	10,038.45	1.33	9,001.56	1.33	7,331.69	1.23
34 Stores (41)	44,241.73	5.84	37,678.14	5.57	33,112.46	5.57
35 Textiles (20)	4,003.49	0.53	3,986.03	0.59	3,511.82	0.59
40 OTHER GROUPS (144)	182,934.49	24.17	165,111.41	24.42	149,482.11	25.15
41 Business services (27)	11,403.88	1.51	10,696.62	1.58	9,808.76	1.65
42 Chemicals (24)	16,059.59	2.12	15,173.55	2.24	17,843.89	3.00
43 Conglomerates (11)	20,549.20	2.71	19,127.60	2.83	17,434.76	2.93
44 Transport (16)	20,560.59	2.72	17,201.51	2.54	14,372.04	2.42
45 Electricity (17)	31,690.04	4.19	25,922.19	3.84	19,689.21	3.31
46 Telephone Networks (4)	47,394.35	6.26	42,210.74	6.25	37,295.37	6.27
47 Water (13)	14,176.48	1.87	12,446.53	1.84	11,057.74	1.86
48 Miscellaneous (32)	21,100.36	2.79	22,332.67	3.30	21,980.34	3.70
49 INDUSTRIAL GROUP (603)	538,838.58	71.18	486,132.58	71.90	446,967.31	75.20
51 Oil and Gas (17)	64,982.48	8.58	60,679.94	8.98	50,860.01	8.56
59 "500" SHARE INDEX (620)	603,821.08	79.76	546,812.52	80.88	497,827.32	83.76
61 FINANCIAL GROUP (93)	128,834.41	17.02	108,157.09	16.00	79,964.00	13.45
62 Banks (9)	73,557.94	9.72	57,646.58	8.53	43,552.10	7.33
65 Insurance (Life) (6)	11,549.36	1.53	11,230.40	1.66	9,480.02	1.59
66 Insurance (Composite) (9)	14,758.28	1.95	13,586.17	2.01	11,046.20	1.86
67 Insurance Brokers (10)	2,928.72	0.39	2,860.67	0.42	2,440.03	0.41
68 Merchant Banks (6)	5,600.91	0.74	4,942.66	0.73	3,036.58	0.51
69 Property (30)	14,579.63	1.92	12,752.58	1.89	6,991.90	1.18
70 Other Financial (24)	5,859.56	0.77	5,138.03	0.76	3,417.18	0.57
71 Investment Trusts (110)	24,385.10	3.22	21,104.54	3.12	16,582.76	2.79
99 FT-A ALL-SHARE (823)	757,040.57	100.0	676,074.15	100.0	594,374.08	100.0

† Figures rounded due to slight pricing inconsistencies.

New classifications	Market cap. as at 31/12/93 (£m)	% of All-Share index
FT-SE 100	553,284.99	73.08
FT-SE Mid 250	157,510.88	20.81
FT-SE Mid 250 ex. Inv. Trusts	141,007.03	18.63
FT-SE A 350	710,795.87	93.89
FT-SE SmallCap	46,244.70	6.11
FT-SE SmallCap ex Inv. Trusts	38,091.74	5.03
FT-SE-A ALL-SHARE	757,040.57	100.00
10 MINERAL EXTRACTION (20)	59,939.30	7.92
12 Extractive Industries (5)	10,268.19	1.36
15 Oil, Integrated (3)	45,379.15	5.99
16 Oil Exploration & Prod (12)	4,291.96	0.57
20 GEN MANUFACTURERS (267)	146,206.27	19.31
21 Building & Construction (29)	6,562.48	0.87
22 Building Matls & Merchs (29)	23,199.21	3.06
23 Chemicals (21)	15,921.21	2.10
24 Diversified Industrials (16)	37,842.39	5.00
25 Electronic & Elect Equip (34)	16,800.06	2.22
26 Engineering (75)	25,359.15	3.35
27 Engineering, Vehicles (12)	5,633.08	0.74
28 Printing, Paper & Pckg (26)	10,198.33	1.35
29 Textiles & Apparel (25)	4,690.36	0.62
30 CONSUMER GOODS (92)	140,676.26	18.58
31 Breweries (17)	13,727.31	1.81
32 Spirits, Wines & Ciders (11)	26,737.08	3.53
33 Food Manufacturers (25)	27,007.08	3.57
34 Household Goods (11)	3,599.94	0.48
36 Health Care (17)	4,769.93	0.63
37 Pharmaceuticals (10)	47,798.19	6.31
38 Tobacco (1)	17,036.73	2.25
40 SERVICES (205)	148,426.99	19.61
41 Distributors (24)	7,663.22	1.01
42 Leisure & Hotels (21)	16,972.18	2.24
43 Media (35)	26,692.79	3.53
44 Retailers, Food (16)	20,339.96	2.69
45 Retailers, General (43)	44,756.57	5.91
48 Support Services (38)	10,045.12	1.33
49 Transport (16)	20,211.21	2.67
51 Other Services & Business (12)	1,715.94	0.23
60 UTILITIES (36)	108,572.24	14.34
62 Electricity (17)	31,690.04	4.19
64 Gas Distribution (2)	15,311.37	2.02
66 Telecommunications (4)	47,394.35	6.26
68 Water (13)	14,176.48	1.87
69 NON-FINANCIALS (620)	603,821.08	79.76
70 FIMNANCIALS (93)	128,834.41	17.02
71 Banks (10)	73,656.04	9.73
73 Insurance (18)	17,887.01	2.34
74 Life Assurance (6)	11,549.36	1.53
75 Merchant Banks (6)	5,600.90	0.74
77 Other Financial (23)	5,761.46	0.76
79 Property (30)	14,579.64	1.92
80 INVESTMENT TRUSTS (110)	24,385.10	3.22
89 FT-SE-A ALL-SHARE (823)	757,040.57	100.00

† Figures rounded due to slight pricing inconsistencies.

Because of the change to the All-Share industry classification, the end-year figures in this table have been prepared in two ways. The figures above are drawn up using the classification in force till the close of trading on December 31 1993. Those on the right show how the figures would have looked under the new classification, which came into effect on January 4 1994.

LONDON RECENT ISSUES

Newly issued shares appear for between four and six weeks in the London Recent Issues table. At the end of this period, a stock is normally moved to the appropriate category of the London Share Service if the company so requests.

In the full weekday editions of the FT, published on Tuesday to Friday mornings, the table appears on the half page of London Market Statistics that also includes the FT-Actuaries Fixed Interest Indices and London traded options prices.

On Saturdays it appears on the UK Company News page, and on Mondays on the Currencies, Money & Capital Markets page.

COMMODITIES AND BOND PRICES

WEEK IN THE MARKETS

Gold price fails to hold gains

The gold market was left treading water this week after a buying surge proved insufficient to buoy the metal's price to the $400-a-troy-ounce level.

Having begun the new year with a $3.50 jump, aided by a strong rise in silver, the gold price added another $2.35 on Wednesday to reach a five-month peak of $396.60 an ounce. But the two-day advance was wiped out on Thursday as computer programmes used by some US institutional investors sent out almost unanimous "sell" signals.

The fall, which took the price to $385.25 an ounce at one point, was seen by some analysts as representing merely a badly-needed pause for breath before a fresh assault on the $400 barrier. However, Mr Ted Arnold, analyst at the Merrill Lynch financial services group, warned that physical demand for gold was "dropping like a stone".

The price recovered to close yesterday at $388.25 an ounce, down $2.50 on the week, but dealers told the Reuter news agency that stiff resistance was building in the $390s. "What we are seeing now is the difference between dealers' ambitions for the new year and what the market can actually do," said one.

The silver market, which had been pushed sharply higher on concern over the risings in Mexico, also surrendered its gains, the cash price in London ending at $5.05½ an ounce, down six cents on the week.

News of big rises in London Metal Exchange warehouse stocks pushed copper and zinc prices still lower yesterday, after both metals had already sustained substantial falls earlier in the week.

Last week's end-year profit-taking in the copper market spilled over into Tuesday's trading, when the three months price fell $36 to $1,752.25 a tonne. A $17 bounce on the following day had been wiped out by yesterday's close.

Defying the downtrend was aluminium, which shrugged off news of another LME stocks increase to rise $3 yesterday to $1,149.50 a tonne in the three months position, up $24.25 on the week. Dealers explained that buyers were being encouraged by hopes of progress at the next multilateral meeting on stemming the Russian aluminium supply glut, which is scheduled to be held in Brussels later this month.

A depressed week for cocoa prices ended with further losses yesterday in response to rumours of an imminent devaluation of the CFA franc, the currency of, among others, the Ivory Coast, the world's biggest cocoa producer. At the London Commodity Exchange the May futures price dipped to £893 a tonne at one stage, before ending the day at £906, down £23 on the week and $40 below Tuesday's peak.

LCE coffee futures fared somewhat better, the March position closing yesterday at $1,194 a tonne, down £5 on the day and £4 on the week, after trading between $1,181 and $1,209.

Seasonal cheer came late to the oil market, which had ended 1993 near 5-year lows. A change of sentiment this week saw the London International Petroleum Exchange's March Brent blend futures position climb to a high of $14.51 a barrel before easing to $14.33 in late trading yesterday, still up 93 cents the week.

Mr Nauman Barakat, a vice-president for energy futures with Merrill Lynch in New York, told Reuter that market psychology had changed in the short-term and speculators were "buying dips rather than selling rallies".

Richard Mooney

LME WAREHOUSE STOCKS
(As at Thursday's close)
tonnes

Aluminium	+3,525	to 2,491,900
Aluminium alloy	-380	to 48,880
Copper	+10,650	to 610,350
Lead	-2,175	to 301,475
Nickel	+1,188	to 125,292
Zinc	+20,300	to 927,000
Tin	-845	to 20,895

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	1993/1994 High	1993/1994 Low
Gold per troy oz.	$388.25	-2.5	$329.25	$405.75	$326.05
Silver per troy oz	344.25p	-1	240.50p	362.50p	236.00p
Aluminium 99.7% (cash)	$1133	+25	$1184.5	$1240.00	$1023.50
Copper Grade A (cash)	$1731.5	-35.75	$1539.0	$2375.00	$1108.50
Lead (cash)	$460.5	-13	$289	$467.50	$361.50
Nickel (cash)	$5230	-82.5	$6172.5	$6340	$4043.5
Zinc SHG (cash)	$972.5	-28.75	$1056	$1112	$868.0
Tin (cash)	$4712.5	-37.5	$5885	$6047.5	$4340.0
Cocoa Futures Mar	£888	-22	£703	£1061	£663
Coffee Futures Mar	$1195	-3	$950	$1297	$836
Sugar (LDP Raw)	$267.5	-2.2	$204.6	$317.4	$204.5
Barley Futures Mar	£105.70	+0.15	£133.25	£110.30	£101.50
Wheat Futures Mar	£100.65	-	£136.40	£149.45	£99.30
Cotton Outlook A Index	60.55c	-1.9	58.75c	62.35c	54.15c
Wool (64s Super)	347p	+5	399p	403p	319p
Oil (Brent Blend)	$14.34x	-	-	$19.53	$13.64

Per tonne unless otherwise stated. p Pence/kg. c Cents lb. x Feb.

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1132.5-33.5	1149-50
Previous	1128.5-29.5	1146-47
High/low	1132.5	1161/1141
AM Official	1132-32.5	1146.5-47
Kerb close		1160-61
Open int.	286,408	
Total daily turnover	42,579	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	975-80	1000-02
Previous	975-77	998-1000
High/low		1004/1002
AM Official	975-980	1000-03
Kerb close		1002-04
Open int.	2,634	
Total daily turnover	259	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	460-61	473-74
Previous	458-59	471-72
High/low	455.5	480/468.5
AM Official	455-55.5	468-68.5
Kerb close		478-79
Open int.	31,564	
Total daily turnover	3,856	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	5225-35	5285-90
Previous	5235-45	5295-300
High/low	5210/5206	5290/5240
AM Official	5206-07	5265-70
Kerb close		5285-90
Open int.	52,906	
Total daily turnover	6,126	

■ TIN ($ per tonne)

	Cash	3 mths
Close	4710-15	4755-60
Previous	4795-805	4835-40
High/low		4730/4750
AM Official	4715-20	4760-65
Kerb close		4760-65
Open int.	15,839	
Total daily turnover	3,181	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	972-73	991-92
Previous	977-78	996-97
High/low		994/986
AM Official	969-69.5	988-88.5
Kerb close		992-93
Open int.	100,818	
Total daily turnover	25,121	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	1731-32	1748-48.5
Previous	1735-36	1754-55
High/low	1723.5	1753/1737
AM Official	1723-23.5	1740-41
Kerb close		1753-54
Open int.	246,690	
Total daily turnover	45,144	

■ LME AM Official £/$ rate: 1.4830
LME Closing £/$ rate: 1.4920

Spot:1.4900 3 mths:1.4827 6 mths:1.4780 9 mths:1.4735

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	low	Open int	Vol
Jan	78.25	-1.15	79.35	78.20	1,264	241
Feb	78.40	-1.20	78.40	78.30	1,286	50
Mar	78.60	-1.25	80.00	78.50	40,749	4,565
Apr	78.80	-1.25	79.35	79.35	721	24
May	79.00	-1.25	80.30	79.05	8,153	296
Jun	79.20	-1.25	-	-	853	31
Total					65,536	5,692

PRECIOUS METALS

■ LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	388.00-388.50	
Opening	390.30-390.70	
Morning fix	390.70	263.257
Afternoon fix	390.50	262.345
Day's High	391.70-392.10	
Day's Low	386.25-386.75	
Previous close	388.50-389.00	

Loco Ldn Mean Gold Lending Rates (Vs US$)
1 month ....2.85 6 months 2.85
2 months ....2.84 12 months 2.89
3 months 2.84

Silver Fix	p/troy oz.	US cts equiv.
Spot	344.25	511.00
3 months	348.50	514.70
6 months	353.80	519.10
1 year	360.55	528.10

Gold Coins	$ price	£ equiv.
Krugerrand	392-395	264-267
Maple Leaf	398.05-400.55	-
New Sovereign	91-94	61-64

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

[illegible]

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

[illegible]

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

[illegible]

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

[illegible]

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

[illegible]

■ CRUDE OIL IPE ($/barrel)

[illegible]

■ HEATING OIL NYMEX (42,000 US galls; c/US galls)

[illegible]

■ GAS OIL IPE ($/tonne)

[illegible]

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu)

[illegible]

■ UNLEADED GASOLINE
NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Feb	43.55	-10	43.80	43.15	39,004	16,148
Mar	44.50	-31	44.80	44.40	31,456	12,137
Apr	47.55	-46	47.85	47.55	24,387	4,202
May	48.30	-46	48.60	48.05	27,052	1,211
Jun	48.95	-47	49.30	48.95	8,967	488
Jul	49.60	-23	49.70	49.55	2,433	172
Total					136,237	34,506

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

[illegible]

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

[illegible]

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

[illegible]

■ BARLEY LCE (£ per tonne)

[illegible]

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

[illegible]

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

[illegible]

■ SOYABEAN MEAL CBT (100 tons; $/ton)

[illegible]

■ POTATOES LCE (£/tonne)

[illegible]

■ FREIGHT (BIFFEX) LCE ($10/index point)

[illegible]

SPICES

Nutmeg and mace prices were firmer, reflecting new advisory prices issued by AEPA, the Indonesian exporters association, reports Man Producten. Spot europe bwps were quoted at US$1,450 a tonne, shrivels at $1,700, abcds at $1,800 and mace at $3,000. Shipments were $100/150 higher. Grenadan nutmeg prices were unchanged. Indonesian cassia values were easier with ko/va sticks at $2,300 a tonne, spot, and $2,150, shipment, and kb br/cl $1,600, spot, and $1,475 shipment. There was discounting on later shipments. Madagascan cinnamon was on offer at FFr5.70 a kilogram and Seychelles at $1,400, cif. Pimento prices were weaker. Mexican spot was at $2,000 a tonne and shipment between $1,700 and $1,750, fob Mexico. Jamaican pimento was at $2,300 a tonne, spot, and $2,150, cif, shipment.

SOFTS

■ COCOA LCE (£/tonne)

[illegible]

■ COCOA CSCE (10 tonnes; $/tonnes)

[illegible]

■ COCOA (ICCO) (SDR's/tonne)

[illegible]

■ COFFEE LCE ($/tonne)

[illegible]

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

[illegible]

■ COFFEE (ICO) (US cents/pound)

[illegible]

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

[illegible]

■ WHITE SUGAR LCE ($/tonne)

[illegible]

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

[illegible]

■ COTTON NYCE (50,000lbs; cents/lbs)

[illegible]

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

[illegible]

VOLUME DATA

Open interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME and CSCE are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Jan 7	Jan 6	month ago	year ago
1667.7	1666.5	1660.6	1715.2

■ CRB (Base: 4/9/56=100)

Jan 6	Jan 5	month ago	year ago
227.72	226.74	-	202.36

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

[illegible]

■ LIVE HOGS CME (40,000lbs; cents/lbs)

[illegible]

■ PORK BELLIES CME (40,000lbs; cents/lbs)

[illegible]

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

■ ALUMINIUM (99.7%) LME

[illegible]

■ COPPER (Grade A) LME

[illegible]

■ COFFEE LCE

	Mar	May	Mar	May
1150	69	95	24	52
1200	41	69	48	76
1250	23	50	78	107

■ COCOA LCE

	Mar	May	Mar	May
900	28	53	40	47
925	20	43	57	62
950	13	34	75	78

■ BRENT CRUDE IPE

	Jan	Feb	Jan	Feb
1400	2	29	-	6
1450	3	10	-	27
1500	-	3	-	59

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel/Feb) +or-

Dubai	13.31-3.39w	-0.125
Brent Blend (dated)	14.58-4.60	-0.18
Brent Blend (Feb)	14.33-4.35	-0.16
W.T.I. (1pm est)	15.37-5.39w	-0.12

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	146-150	+2.5
Gas Oil	150-151	-0.5
Heavy Fuel Oil	58-60	+1
Naphtha	131-133	+1
Jet fuel	168-170	+1.5

Petroleum Argus Estimates

■ OTHER

Gold (per troy oz)‡	$388.25	-0.50
Silver (per troy oz)‡	505.5c	-2
Platinum (per troy oz.)	$389.75	+0.25
Palladium (per troy oz.)	$124.75	
Copper (US prod.)	85.0c	
Lead (US prod.)	35.0c	
Tin (Kuala Lumpur)	12.19r	-0.10
Tin (New York)	221.50	
Zinc (US Prime W.)	Unq.	
Cattle (live weight)†	120.54p	+2.17*
Sheep (live weight)†♦	102.49p	+9.86*
Pigs (live weight)	82.43p	82.43*
Lon. day sugar (raw)	$267.5	
Lon. day sugar (wte)	$287.5	
Tate & Lyle export	£282.00	+0.5
Barley (Eng. feed)	Unq.	
Maize (US No3 Yellow)	£129.0z	
Wheat (US Dark North)	£175.0	
Rubber (Feb)♥	60.75p	-0.5
Rubber (Mar)♥	61.00p	-0.5
Rubber(KL RSS No1 Feb)	214.00m	
Coconut Oil (Phil)§	$612.5x	-12.5
Palm Oil (Malay.)§	$412.5z	-5
Copra (Phil)§	$432.5	
Soyabeans (US)	£207.0y	
Cotton 'A' Index	60.55c	+0
Wooltops (64s Super)	347p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. y Jan/Apr w Feb. z Jan/Mar. v Sep/Oct. t Dec/Jan. x Feb/Mar. ♥ London Physical. § CIF Rotterdam. ‡ Bullion market close. ♦ Sheep (Live weight prices). * Change on week, provisional prices.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		10.000	10/02	121.8500	-0.080	6.67	6.64	6.75
Belgium		9.000	03/03	117.2000	+0.210	6.46	6.36	6.75
Canada *		7.500	12/03	106.5500	+0.550	6.53	6.62	6.69
Denmark		8.000	05/03	113.4500	+0.500	6.07	6.12	6.32
France	BTAN	8.500	05/98	110.1100	+0.100	4.96	6.03	6.06
	OAT	6.750	10/03	107.9100	+0.330	5.71	5.63	5.96
Germany		6.000	09/03	102.9500	+0.150	5.59	5.55	5.83
Italy		9.000	10/03	102.6700	-0.070	8.59†	8.49	8.95
Japan	No 119	4.800	06/99	111.7320	-0.110	2.37	2.37	2.54
	No 157	4.500	06/03	110.7910	+0.240	3.03	3.04	3.18
Netherlands		6.500	04/03	106.6400	+0.360	5.56	5.51	5.79
Spain		10.500	10/03	115.0500	-0.100	8.20	8.12	8.42
UK Gilts		9.750	01/98	114-10	+7/32	5.69	5.61	5.80
		8.000	06/03	112-26	+20/32	6.19	6.10	6.43
		9.000	10/08	123-26	+27/32	6.47	6.39	6.73
US Treasury *		5.750	08/03	100-14	+33/32	5.69	5.80	5.70
		6.250	08/23	99-23	+40/32	6.27	6.34	6.18
ECU (French Govt)		8.000	04/03	114.4400	+0.380	5.93	5.97	6.23

London closing. *New York mid-day. Yields: Local market standard.
† Gross annual yield (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	130.32	130.74	+0.42	130.78	130.18	171,889	124,567
Jun	129.80	130.26	+0.46	130.20	129.70	1,119	9,561
Sep	128.92	129.38	+0.46	128.92	128.92	2	638

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	Calls Feb	Calls Mar	Calls Jun	Puts Feb	Puts Mar	Puts Jun
127	-	-	-	-	0.07	0.37
128	-	2.83	-	-	0.13	0.58
129	-	1.94	-	0.05	0.23	0.84
130	0.90	1.19	1.44	0.21	0.49	1.27
131	0.32	0.64	-	0.62	0.91	-
132	0.07	0.26	0.60	-	-	-

Est. vol. total, Calls 23,367 Puts 37,935. Previous day's open int., Calls 206,765 Puts 264,728.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	100.85	101.17	+0.34	101.20	100.71	117520	137612
Jun	100.73	101.12	+0.34	101.08	100.73	667	1299

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	Calls Mar	Calls Jun	Puts Mar	Puts Jun
10100	0.66	1.07	0.49	0.95
10150	0.42	0.84	0.75	1.22
10200	0.26	0.64	1.09	1.52

Est. vol. total, Calls 14337 Puts 13301. Previous day's open int., Calls 181978 Puts 110598

■ NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)(LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	103.46	103.57	+0.13	103.56	103.43	643	10926

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	117.82	117.88	-0.03	117.96	117.20	47051	81582
Jun	117.82	117.98	-0.03	117.82	117.82	1	197

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	Calls Mar	Calls Jun	Puts Mar	Puts Jun
11750	1.77	3.08	1.39	2.60
11800	1.50	2.83	1.62	2.85
11850	1.26	2.60	1.88	3.12

Est. vol. total, Calls 1622 Puts 1423. Previous day's open int., Calls 37695 Puts 38921

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	104.79	104.78	+0.07	104.82	104.46	19,575	82,825
Jun	104.73	104.67	+0.10	104.75	104.73	60	7,998

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	118-21	119-24	+0-30	119-28	118-18	74397	102088
Jun	118-31	119-02	+0-28	119-01	118-31	45	128

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	Calls Mar	Calls Jun	Puts Mar	Puts Jun
119	1-37	2-04	0-53	2-00
120	1-02	1-37	1-18	2-33
121	0-40	1-13	1-56	3-09

Est. vol. total, Calls 1523 Puts 2347. Previous day's open int., Calls 83312 Puts 44511

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	121.50	122.10	+0.56	122.30	121.44	3,306	12,832
Jun	-	96.60	-	-	-	-	50

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	114-18	115-17	+1-00	115-21	114-00	361,616	309,637
Jun	113-10	114-15	+1-00	114-18	112-30	846	14,568
Sep	112-08	113-15	+0-31	113-17	112-03	63	19,604

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Mar	118.36	-	-	118.54	118.25	1951	0

* LIFFE contracts traded on APT. All Open interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

UK Gilts Price Indices	Fri Jan 7	Day's change %	Thur Jan 6	Accrued interest	xd adj yield
1 Up to 5 years (24)	129.91	+0.12	129.75	2.11	0.00
2 5-15 years (22)	163.13	+0.44	162.42	2.42	0.10
3 Over 15 years(9)	189.57	+0.60	188.43	2.19	0.00
4 Irredeemables (6)	226.19	+0.12	225.91	1.59	0.00
5 All stocks (61)	157.57	+0.37	156.98	2.30	0.05

Index-linked	Friday Jan 7	Day's change %	Thurs. Jan 6	Accrued interest	xd adj yield
6 Up to 5 years (2)	191.21	+0.13	190.97	1.38	0.00
7 Over 5 years (11)	192.10	+0.25	191.63	0.86	0.60
8 All stocks (13)	191.06	+0.23	190.62	0.91	0.00
9 Debs and loans (66)	151.23	-0.13	151.43	2.36	0.11

Yields	Low coupon Jan 7	Jan 6	Yr ago	High	Low	Medium coupon Jan 7	Jan 6	Yr ago	High	Low	High coupon Jan 7	Jan 6	Yr ago	High	Low
5 yrs	5.66	5.71	7.05	5.71(6/1/94)	5.57 (31/12)	5.89	5.93	7.51	5.93(6/1/94)	5.78 31/12	5.99	6.02	7.73	6.02(6/1/94)	5.86 (31/12)
15 yrs	6.36	6.41	8.27	6.41(6/1/94)	6.26 (31/12)	6.47	6.54	8.70	6.54(6/1/94)	6.38 31/12	6.70	6.74	8.96	6.74(6/1/94)	6.59 (31/12)
20 yrs	6.46	6.51	8.54	6.51(6/1/94)	6.37 (31/12)	6.53	6.58	8.90	6.58(6/1/94)	6.43 31/12	6.72	6.76	9.05	6.76(6/1/94)	6.61 (31/12)
Irred.†	6.64	6.64	8.88	6.64(6/1/94)	6.52 (31/12)										

Index-linked	Inflation rate 5% Jan 7	Jan 6	Yr ago	High	Low	Inflation rate 10% Jan 7	Jan 6	Yr ago	High	Low
Up to 5 yrs	2.20	2.22	2.67	2.22(6/1/94)	2.04 (31/12)	1.38	1.40	1.88	1.40 (6/1/94)	1.20 (31/12)
Over 5 yrs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Debs & loans	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

[illegible]

GILT EDGED ACTIVITY INDICES

[illegible]

UK GILTS PRICES

[illegible]

Other Fixed Interest

[illegible]

ECONOMIC DIARY - FORWARD EVENTS

TODAY: Mr Bill Clinton, US president, departs on trip to Brussels, Prague, Moscow, Minsk and Geneva. Mr Tsutomu Hata, Japan's foreign minister, starts visit to China.

TOMORROW: Asean tourism forum opens in Singapore (until January 14).

MONDAY: Credit business (November). Balance of visible trade (October). Housing starts and completions (November). House renovations (third quarter). Summit of Nato leaders in Brussels (until January 11). Swedish government announces budget proposals for 1994/95. Heads of state of Air Afrique nations meet in Dakar to discuss airline's future.

TUESDAY: Advance energy statistics (November). European Union/US high-level twice-yearly meeting in Brussels. European Monetary Institute council meets for the first time in Frankfurt. New Russian parliament holds its first session. House of Commons returns.

WEDNESDAY: Index of production and construction for Wales (third quarter). Prices of agricultural land in Wales (third quarter). Agricultural land prices in Wales (1992/93). Overseas travel and tourism (October). Labour market statistics: unemployment and unfilled vacancies (December-provisional); average earnings indices (November-provisional); employment, hours, productivity and unit wage costs; industrial disputes. Welsh local government financial statistics No.17 1993. European Union monetary committee meets in Brussels. US producer prices index (December). Italian parliament debates motion of no confidence in the government.

THURSDAY: Details of employment, unemployment, earnings, prices and other indicators. US retail sales (December); consumer prices (December); real earnings (December).

FRIDAY: Usable steel production (December). Capital issues and redemptions (December). Environment ministers from 17 nations, including US, hold informal three-day conference on global issues in Agra (until January 16).

CURRENCIES AND MONEY

MARKETS REPORT

Dollar doubts

The pace of economic recovery in the US was the focus of market attention yesterday, after the publication of weaker-than-expected US non-farm payroll data, *writes Gillian Tett.*

This was partly tempered by an improved unemployment figure. But with market sentiment mixed about the strength of the US recovery, the dollar softened slightly, while the D-Mark made small gains.

● Publication of the US data had provoked considerable market speculation, after Mr Robert Reich, US labour secretary, broke with protocol on Thursday and predicted a disappointing figure. In the light of the dollar's recent bull run, his comment fuelled fears that the market might have been overly optimistic about the pace of US recovery.

In the event, the non-farm payroll rose by 183,000 in December, compared to the market consensus of 215,000. Unemployment in December fell to a three-year low of 6.4 per cent, down from 6.5 per cent the previous month.

The announcement triggered a small slide in the dollar against both the D-Mark and the yen. Though the dollar then bounced off technical support at DM1.7350, as markets reassessed the employment number, it finally closed at DM1.733, almost half a pfennig weaker than the previous day. It also slid against the yen, closing at Y111.8, down from the previous close of Y112.6.

With market opinion divided about the speed of the US recovery, the dollar is likely to fluctuate within a narrow range in coming days, dealers said.

"A battle is going on between dollar bulls and dollar bears. It is not clear which side will win out," said Mr Peter Luxton, of Barclays Bank.

Consequently the publication of the US PPI and CPI figures on Wednesday and Thursday this week is likely to attract particular attention. As Mr Rob Loewy, head of Foreign Exchange at Midland Global Markets, points out, if this week's figures point to weaker-than-expected levels of inflation, hopes about the strength of the US recovery could be further damped.

● The D-Mark, by contrast, recovered slightly yesterday, after weakening on Thursday amid speculation that the Bundesbank's refusal to cut rates this week would force a cut later this month.

The French franc closed at FFr3.403 per D-Mark compared to a previous close of FFr3.396. Sterling's recent advances against the D-mark were also halted and it closed at DM2.583, down from DM2.589.

The key reason for the D-Mark's rise was a comment from Mr Hans Tietmeyer, Bundesbank president, on Thursday indicating that the bank had a steady rates policy for the time being.

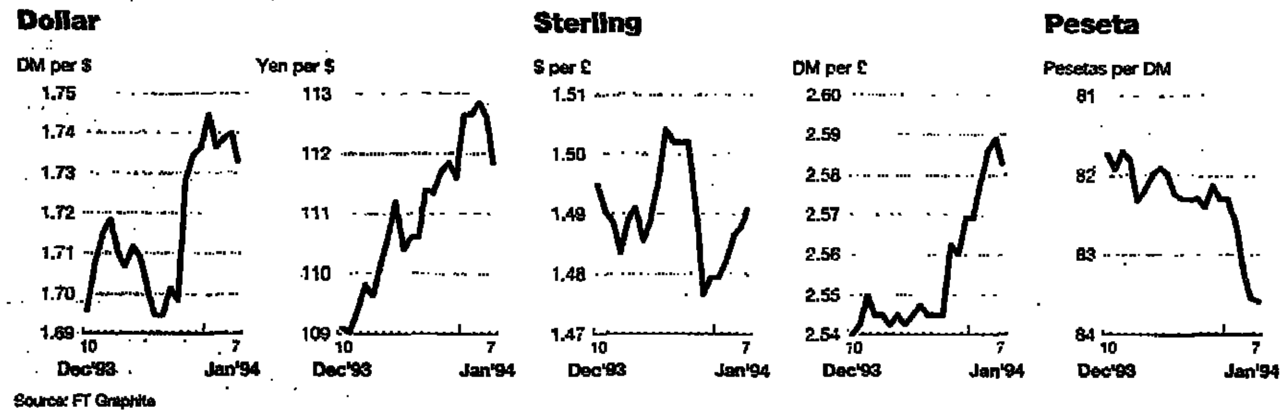
"The Bundesbank is trying hard to dent market speculation that it might cut interest rates," said Mr Ian Gunner, international economist with Chase Manhattan.

● The Irish Central Bank cut its short-term facility rate to 6.75 per cent from 7.0 per cent, and its overnight deposit rate to 3.50 per cent from 3.75 per cent. Although some dealers had earlier speculated that the Irish Bank would wait for a German before trimming its own rates, the move appears to have been triggered by the recent strengthening of the Irish currency which is currently by far the strongest currency in the EMS grid, above its pre-August upper limit against the D-Mark. The punt closed at DM2.474 down from DM2.482 the previous day.

● The Bank of England yesterday provided the UK money market with £1.41 billion of assistance, after forecasting a £1.4bn liquidity shortage.

■ Pound in New York

Jan 7	---Latest---	-- Prev. close --
£ spot	1.4910	1.4820
1 mth	1.4880	1.4791
3 mth	1.4834	1.4745
1 yr	1.4706	1.4630



Source: FT Graphite

POUND SPOT FORWARD AGAINST THE POUND

Jan 7		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	18.1685	-0.0275	586 - 783	18.1940	18.1015	18.1723	-0.2	18.1817	-0.3	-	-	113.5
Belgium	(BFr)	53.6685	+0.0194	311 - 058	53.7890	53.5310	53.7435	-1.7	53.8585	-1.4	54.1285	-0.9	113.3
Denmark	(DKr)	10.0471	-0.007	411 - 531	10.0645	10.0365	10.0622	-1.8	10.0875	-1.6	10.1424	-0.9	115.3
Finland	(FM)	8.5795	+0.0248	617 - 973	8.5975	8.5431	-	-	-	-	-	-	79.7
France	(FFr)	8.7910	-0.0009	858 - 962	8.8045	8.7690	8.7991	-1.1	8.811	-0.9	8.8206	-0.3	108.1
Germany	(DM)	2.5834	-0.0062	822 - 846	2.5870	2.5765	2.5849	-0.7	2.5866	-0.5	2.5851	-0.1	122.8
Greece	(Dr)	371.433	-0.642	159 - 706	371.782	370.650	-	-	-	-	-	-	-
Ireland	(I£)	1.0437	+0.0006	428 - 446	1.0485	1.0400	1.0445	-0.9	1.0456	-0.7	1.0486	-0.5	103.7
Italy	(L)	2525.92	+13.37	421 - 762	2533.10	2508.75	2532.42	-3.1	2544.17	-2.9	2589.97	-2.5	76.3
Luxembourg	(LFr)	53.6685	+0.0194	311 - 058	53.7890	53.5310	53.7435	-1.7	53.8585	-1.4	54.1285	-0.9	113.3
Netherlands	(Fl)	2.8896	-0.0029	879 - 913	2.8935	2.8832	2.8898	-0.1	2.8903	-0.1	2.8799	0.3	118.5
Norway	(NKr)	11.1587	+0.0131	512 - 661	11.1725	11.1150	11.1746	-1.7	11.1725	-0.5	11.1589	0.0	85.2
Portugal	(Es)	263.074	+0.144	836 - 311	263.450	262.500	264.469	-6.4	267.089	-6.1	-	-	-
Spain	(Pta)	215.936	-0.308	677 - 195	216.530	215.350	216.671	-4.1	215.955	0.0	222.106	-2.9	84.0
Sweden	(SKr)	12.1744	-0.0107	629 - 859	12.2350	12.1360	12.1999	-2.5	12.2299	-1.8	12.3504	-1.4	75.4
Switzerland	(SFr)	2.1918	-0.0023	903 - 933	2.2002	2.1900	2.1893	1.4	2.1841	1.4	2.1591	1.5	117.1
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	82.3
Ecu	-	1.3331	+0.0003	320 - 341	1.3348	1.3286	1.3343	-1.1	1.3362	-0.9	1.3389	-0.4	-
SDR	-	0.923088	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.4876	+0.003	872 - 883	1.4909	1.4780	-	-	-	-	-	-	-
Brazil	(Cr)	525.731	+9.064	553 - 909	527.000	514.000	-	-	-	-	-	-	-
Canada	(C$)	1.9712	+0.004	701 - 723	1.9750	1.9548	1.9684	1.7	1.9639	1.5	1.9535	0.9	91.8
Mexico	(New Peso)	4.6280	+0.0077	250 - 310	4.6365	4.6000	-	-	-	-	-	-	-
USA	($)	1.4905	+0.0025	900 - 910	1.4915	1.4810	1.4876	2.3	1.483	2.0	1.471	1.3	67.4
Pacific/Middle East/Africa													
Australia	(A$)	2.1704	-0.0043	689 - 719	2.1750	2.1610	2.1685	1.1	2.1665	0.7	2.1668	0.2	-
Hong Kong	(HK$)	11.5140	+0.0207	094 - 186	11.5380	11.4390	11.4914	2.4	11.4589	1.9	11.3792	1.2	-
India	(Rs)	46.7514	+0.0728	301 - 727	46.8460	46.4630	-	-	-	-	-	-	-
Japan	(Y)	166.675	-0.807	582 - 768	167.520	166.020	166.2	3.4	165.355	3.2	161.2	3.3	176.0
Malaysia	(M$)	3.9172	+0.0023	151 - 192	3.9250	3.8900	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.5757	-0.0003	731 - 783	2.6900	2.6600	2.6792	-1.6	2.6813	-0.8	2.6825	-0.3	-
Philippines	(Peso)	41.2870	+0.0692	750 - 989	41.5600	40.5555	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.5894	+0.0094	868 - 920	5.6005	5.5545	-	-	-	-	-	-	-
Singapore	(S$)	2.3796	+0.0102	780 - 811	2.3840	2.3570	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.0669	+0.0089	630 - 687	5.0755	5.0310	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	6.3682	-0.0302	586 - 778	6.3960	6.3095	-	-	-	-	-	-	-
South Korea	(Won)	1212.52	+2.32	137 - 367	1214.40	1204.65	-	-	-	-	-	-	-
Taiwan	(T$)	39.6175	+0.1036	297 - 053	39.7100	39.3400	-	-	-	-	-	-	-
Thailand	(Bt)	38.1270	+0.0788	993 - 547	38.1940	37.8840	-	-	-	-	-	-	-

†SDR rate for Jan 6. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100.
Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Jan 7		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Morgan G'ty index
Europe													
Austria	(Sch)	12.1895	-0.039	870 - 920	12.2630	12.1850	12.2195	-3.0	12.2495	-2.0	12.3395	-1.2	103.0
Belgium	(BFr)	36.0070	-0.0475	940 - 200	36.1700	35.9940	36.127	-4.0	36.317	-3.4	36.787	-2.2	103.1
Denmark	(DKr)	6.7406	-0.016	390 - 425	6.7775	6.7390	6.7608	-3.6	6.7933	-3.1	6.8783	-2.0	104.1
Finland	(FM)	5.7561	+0.007	461 - 661	5.7815	5.7461	5.7686	-2.6	5.7861	-2.1	5.8311	-1.3	75.3
France	(FFr)	5.8980	-0.0105	965 - 995	5.9300	5.8945	5.915	-3.5	5.9412	-2.9	5.9945	-1.6	104.6
Germany	(D)	1.7333	-0.0054	330 - 335	1.7455	1.7330	1.7378	-3.1	1.7444	-2.6	1.7577	-1.4	104.2
Greece	(Dr)	249.200	-0.85	100 - 300	250.700	249.100	253.05	-16.5	260.5	-18.1	294.2	-18.1	71.7
Ireland	(I£)	1.4282	+0.0016	274 - 289	1.4325	1.4135	1.4241	3.4	1.4181	2.8	1.4032	1.8	-
Italy	(L)	1694.68	+6.14	410 - 525	1702.00	1692.00	1702.33	-5.4	1715.48	-4.9	1760.13	-3.9	77.3
Luxembourg	(LFr)	36.0070	-0.0475	940 - 200	36.1700	35.9940	36.127	-4.0	36.317	-3.4	36.787	-2.2	103.1
Netherlands	(Fl)	1.9387	-0.0052	382 - 392	1.9510	1.9382	1.9426	-2.4	1.948	-1.9	1.9572	-1.0	103.7
Norway	(NKr)	7.4865	-0.0038	840 - 890	7.5225	7.4800	7.5015	-2.4	7.5265	-2.1	7.634	-2.0	95.3
Portugal	(Es)	176.500	-0.2	400 - 600	177.370	176.400	177.75	-8.5	179.89	-7.9	187.5	-6.2	94.0
Spain	(Pta)	144.875	-0.45	750 - 000	145.990	144.750	145.655	-6.5	146.895	-5.6	150.98	-4.2	78.5
Sweden	(SKr)	8.1680	-0.0209	630 - 730	8.2530	8.1630	8.2005	-4.8	8.2442	-3.7	8.3855	-2.7	80.6
Switzerland	(SFr)	1.4705	-0.004	700 - 710	1.4845	1.4700	1.4716	-0.9	1.4727	-0.6	1.4673	0.2	103.7
UK	(£)	1.4905	+0.0025	900 - 910	1.4910	1.4810	1.4876	2.3	1.483	2.0	1.471	1.3	91.2
Ecu	-	1.1181	+0.0016	176 - 186	1.1186	1.1115	1.115	3.4	1.11	2.9	1.0996	1.7	-
SDR	-	1.37014	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9982	+0.0003	981 - 982	0.9982	0.9975	-	-	-	-	-	-	-
Brazil	(Cr)	352.721	+5.498	720 - 722	352.735	352.700	-	-	-	-	-	-	-
Canada	(C$)	1.3225	+0.0005	222 - 228	1.3230	1.3185	1.3232	-0.6	1.3242	-0.5	1.3275	-0.4	88.3
Mexico	(New Peso)	3.1050	-	040 - 060	3.1060	3.1040	3.1067	-0.7	3.1108	-0.7	3.125	-0.6	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	103.1
Pacific/Middle East/Africa													
Australia	(A$)	1.4562	-0.0053	556 - 567	1.4635	1.4555	1.4574	-1.0	1.4604	-1.2	1.4685	-0.8	86.4
Hong Kong	(HK$)	7.7249	+0.0009	244 - 254	7.7254	7.7230	7.7284	-0.5	7.7314	-0.3	7.7386	-0.2	-
India	(Rs)	31.3663	-0.0037	625 - 700	31.3700	31.3625	31.4463	-3.1	31.6513	-3.6	-	-	-
Japan	(Y)	111.825	-0.73	800 - 850	112.750	111.600	111.75	0.8	111.5	1.2	109.58	2.0	138.0
Malaysia	(M$)	2.6281	-0.0029	276 - 286	2.6300	2.6235	2.6311	-1.4	2.6391	-1.7	2.6806	-2.0	-
New Zealand	(NZ$)	1.7952	-0.0032	940 - 963	1.7963	1.7930	1.7965	-0.9	1.7996	-1.0	1.8077	-0.7	-
Philippines	(Peso)	27.7000	-	000 - 000	27.9000	27.5000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7500	-	495 - 505	3.7505	3.7495	3.7585	-2.7	3.77	-2.1	3.79	-1.1	-
Singapore	(S$)	1.5965	+0.0042	960 - 970	1.5970	1.5915	1.5948	1.3	1.593	0.9	1.599	-0.2	-
S Africa (Com.)	(R)	3.3988	+0.0003	960 - 995	3.4095	3.3925	3.4151	-5.8	3.4441	-5.3	3.5511	-4.5	-
S Africa (Fin.)	(R)	4.2725	-0.0275	675 - 775	4.3125	4.2550	4.2995	-7.6	4.3575	-8.0	-	-	-
South Korea	(Won)	813.500	+0.2	000 - 000	814.300	813.000	816.5	-4.4	820	-3.2	838.5	-3.1	-
Taiwan	(T$)	26.5800	+0.025	300 - 300	26.6300	26.5000	26.6389	-2.7	26.76	-2.7	-	-	-
Thailand	(Bt)	25.5800	+0.01	700 - 900	25.6000	25.5500	25.6075	-1.3	25.655	-1.2	26.105	-2.1	-

†SDR rate for Jan 6. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Morgan Guaranty Changes shown for Jan 6. Base average 1990=100

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Jan 7		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.73	16.38	4.813	1.945	4707	5.385	20.79	490.2	402.3	22.68	4.084	1.863	3.672	2.778	310.6	2.484
Denmark	(DKr)	53.40	10.	8.747	2.570	1.039	2513	2.876	11.10	261.8	214.8	12.11	2.181	0.995	1.961	1.484	165.9	1.326
France	(FFr)	61.05	11.43	10	2.938	1.188	2873	3.287	12.69	299.3	245.6	13.84	2.493	1.138	2.242	1.696	189.6	1.516
Germany	(DM)	20.78	3.891	3.403	1	0.404	977.9	1.119	4.321	101.9	83.58	4.712	0.849	0.387	0.763	0.577	64.54	0.516
Ireland	(I£)	51.41	9.626	8.420	2.474	1	2420	2.768	10.69	252.0	206.8	11.66	2.100	0.958	1.888	1.428	159.7	1.277
Italy	(L)	2.125	0.398	0.348	0.102	0.041	100.	0.114	0.442	10.42	8.547	0.482	0.087	0.040	0.078	0.059	6.599	0.053
Netherlands	(Fl)	18.57	3.478	3.042	0.894	0.361	874.0	1	3.862	91.04	74.71	4.211	0.758	0.346	0.682	0.516	57.68	0.461
Norway	(NKr)	48.09	9.005	7.877	2.315	0.935	2263	2.590	10	235.8	193.5	10.91	1.964	0.896	1.766	1.336	149.4	1.194
Portugal	(Es)	20.40	3.820	3.341	0.982	0.397	960.1	1.098	4.242	100.	82.06	4.626	0.833	0.380	0.749	0.567	63.36	0.507
Spain	(Pta)	24.86	4.655	4.072	1.196	0.484	1170	1.339	5.169	121.9	100.	5.637	1.015	0.463	0.913	0.691	77.21	0.617
Sweden	(SKr)	44.10	8.258	7.224	2.122	0.858	2076	2.375	9.170	216.2	177.4	10	1.801	0.822	1.620	1.225	137.0	1.095
Switzerland	(SFr)	24.48	4.585	4.010	1.178	0.476	1152	1.318	5.091	120.0	98.49	5.552	1	0.456	0.899	0.680	76.05	0.608
UK	(£)	53.67	10.05	8.791	2.583	1.044	2526	2.890	11.16	263.1	215.9	12.17	2.192	1	1.971	1.491	166.7	1.333
Canada	(C$)	27.23	5.099	4.460	1.311	0.530	1282	1.466	5.662	133.5	109.5	6.175	1.112	0.507	1	0.756	84.58	0.676
US	($)	36.00	6.740	5.896	1.732	0.700	1694	1.938	7.485	176.5	144.8	8.162	1.470	0.671	1.322	1	111.8	0.894
Japan	(Y)	322.0	60.29	52.74	15.49	6.263	15153	17.34	66.95	1578	1295	73.01	13.15	5.999	11.82	8.944	1000.	7.996
Ecu		40.26	7.539	6.595	1.938	0.783	1895	2.168	8.372	197.4	162.0	9.130	1.644	0.750	1.479	1.119	125.1	1

Yen per 1,000; Danish Kroner, French Franc, Norwegian Kroner and Swedish Kronor per 10; Belgian Franc, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.5705	0.5703	+0.0031	0.4743	0.5704	50,825	139,651
Jun	0.5670	0.5675	+0.0038	0.5711	0.5660	998	6,230
Sep	-	0.5685	-	0.5685	-	1	184

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.8892	0.8951	+0.0059	0.8970	0.8887	18,293	98,907
Jun	0.8956	0.8985	+0.0064	0.9005	0.8929	649	4,635
Sep	-	0.9035	-	0.9035	-	20	298

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.6741	0.6788	+0.0031	0.6782	0.6733	25,039	48,264
Jun	0.6757	0.6770	+0.0009	0.6775	0.6735	122	338
Sep	-	0.6740	-	-	-	2	30

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	1.4750	1.4834	+0.0080	1.4850	1.4750	11,948	29,579
Jun	-	1.4770	-	1.4770	-	77	964
Sep	-	1.4700	-	1.4700	-	4	9
Dec	-	1.4690	-	1.4690	-	9	5

EMS EUROPEAN CURRENCY UNIT RATES

Jan 7	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Ireland	0.808628	0.783930	+0.000991	-3.05	8.42	21
Netherlands	2.19672	2.10682	-0.00361	-1.36	6.56	10
Germany	1.94964	1.93734	-0.00334	-0.63	5.77	6
Belgium	40.2123	40.2388	-0.0292	0.07	5.04	0
France	6.53883	6.59254	+0.00683	0.82	4.25	-7
Denmark	7.43679	7.53504	-0.00061	1.32	3.73	-9
Portugal	192.854	197.030	-0.062	2.17	2.88	-15
Spain	154.250	162.124	+0.226	5.10	0.00	-36
NON ERM MEMBERS						
Greece	264.513	278.198	-1.455	5.17	-0.07	-
Italy	1793.19	1893.45	+12.94	5.59	-0.46	-
UK	0.786749	0.750533	-0.000119	-4.60	10.18	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Jan	CALLS Feb	CALLS Mar	PUTS Jan	PUTS Feb	PUTS Mar
1.400	8.09	7.93	8.03	-	0.05	0.37
1.425	5.65	5.68	6.01	-	0.24	0.79
1.450	3.20	3.69	4.20	-	0.69	1.47
1.500	1.18	2.11	2.73	0.35	1.56	2.48
1.500	0.17	1.04	1.71	1.77	2.93	3.84
1.525	-	0.44	0.97	4.07	4.76	5.58

Previous day's vol., Calls 39,947 Puts 13,901. Prev. day's open int., Calls 513,431 Puts 452,119

WORLD INTEREST RATES

MONEY RATES

January 7	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	7¼	7¼	6⅞	6¾	6½	7.40	5.25	-
week ago	7⅝	7¼	6⅞	6¾	6½	7.40	5.25	-
France	6½	6½	6⅜	6⅛	5⅞	6.20	-	7.75
week ago	6.50	6½	6⅝	6	5¾	6.20	-	7.75
Germany	6.02	6.05	5.80	5.56	5.18	6.75	5.75	6.00
week ago	6.66	6.05	5.88	5.62	5.25	6.75	5.75	6.00
Ireland	6¾	6¾	6¼	5¾	5⅝	-	-	6.75
week ago	6¾	6¾	6¼	5⅞	5⅝	-	-	6.75
Italy	8¾	8⅝	8⅜	8¼	8⅛	-	8.00	8.72
week ago	8¾	8⅝	8⅜	8¼	7⅞	-	8.00	8.72
Netherlands	5.72	5.47	5.20	5.01	4.80	-	5.25	-
week ago	5.84	5.47	5.43	5.16	4.90	-	5.25	-
Switzerland	4	4⅛	4	3⅞	3⅝	6.625	4.25	-
week ago	6	4⅛	4⅛	4	3⅝	6.625	4.25	-
US	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	3.00	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	3.00	-
Japan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	1.75	-
week ago	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	-	1.75	-

■ $ LIBOR FT London Interbank Fixing [illegible]

US Dollar CDs [illegible]

SDR Linked Ds [illegible]

$ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster. Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Jan 7	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Danish Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D-Mark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dutch Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
French Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Portuguese Esc.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Spanish Peseta	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swiss Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.21	94.23	+0.01	94.24	94.17	26,160	107,823
Jun	94.75	94.76	+0.01	94.78	94.68	11,955	59,616
Sep	95.17	95.18	+0.01	95.20	95.14	6,302	36,673
Dec	95.42	95.48	+0.03	95.49	95.42	3,457	26,761

■ THREE MONTH EURODOLLAR (LIFFE) $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	96.49	96.58	+0.06	96.52	96.48	276	4812
Jun	96.18	96.28	+0.13	96.20	96.18	297	2484
Sep	95.86	95.96	+0.16	95.86	95.86	155	853
Dec	-	95.60	+0.17	-	-	0	198

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.48	94.50	+0.02	94.51	94.46	40902	224957
Jun	94.95	94.99	+0.04	95.00	94.92	30776	161997
Sep	95.35	95.38	+0.04	95.39	95.31	23926	124309
Dec	95.60	95.63	+0.04	95.65	95.57	13480	93405

■ THREE MONTH EUROLIRA INT.RATE FUTURES (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	92.08	92.02	-0.06	92.08	91.98	3440	47226
Jun	92.58	92.57	-0.03	92.57	92.48	2003	26034
Sep	92.94	92.97	-0.01	92.97	92.92	1371	22310
Dec	93.13	93.20	+0.03	93.20	93.12	500	5807

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	96.24	96.24	-0.01	96.25	96.20	4057	32893
Jun	96.50	96.53	-	96.53	96.48	1409	12259
Sep	96.67	96.68	-0.01	96.68	96.63	377	5219
Dec	96.67	96.71	-	96.71	96.67	395	1015

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.16	94.15	-0.03	94.17	94.11	2968	14927
Jun	94.71	94.69	-0.03	94.71	94.65	692	8918
Sep	95.08	95.08	-0.01	95.09	95.05	500	6785
Dec	95.34	95.37	+0.02	95.38	95.34	295	4052

* LIFFE futures traded on APT

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	96.49	96.54	+0.06	96.54	96.49	58,639	416,841
Jun	96.16	96.24	+0.09	96.24	96.14	117,359	357,237
Sep	95.86	95.94	+0.09	95.96	95.84	69,208	260,351
Dec	95.45	95.55	+0.11	95.55	95.44	37,643	187,305

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	96.79	96.83	+0.05	96.84	96.79	1,350	27,544
Jun	96.50	96.56	+0.07	96.56	96.50	713	6,219
Sep	96.26	96.30	+0.07	96.30	96.26	640	1,411

All Open Interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9450	0.10	0.53	0.91	0.10	0.04	0.03
9475	0.03	0.32	0.68	0.28	0.06	0.05
9500	0.01	0.17	0.47	0.51	0.18	0.09

Est. vol. total, Calls 9873 Puts 7940. Previous day's open int., Calls 158296 Puts 85181

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9600	0.27	0.56	0.73	0.03	0.03	0.05
9625	0.10	0.34	0.52	0.11	0.08	0.09
9650	0.04	0.17	0.34	0.30	0.14	0.16

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 1159 Puts 2460

LONDON MONEY RATES

Jan 7	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	5 - $2\frac{1}{2}$	$5\frac{1}{4}$ - $4\frac{7}{8}$	$5\frac{7}{16}$ - $5\frac{5}{16}$	$5\frac{7}{16}$ - $5\frac{5}{16}$	$5\frac{3}{8}$ - $5\frac{1}{4}$	$5\frac{5}{16}$ - $5\frac{3}{16}$
Sterling CDs	-	-	$5\frac{11}{32}$ - $5\frac{9}{32}$	$5\frac{5}{16}$ - $5\frac{9}{32}$	$5\frac{7}{32}$ - $5\frac{3}{16}$	$5\frac{3}{32}$ - $5\frac{1}{16}$
Treasury Bills	-	-	$5\frac{1}{8}$ - $5\frac{1}{16}$	5 - $4\frac{15}{16}$	-	-
Bank Bills	-	-	$5\frac{1}{8}$ - $5\frac{3}{32}$	$5\frac{3}{32}$ - $5\frac{1}{16}$	5 - $4\frac{31}{32}$	-
Local authority deps.	$5\frac{1}{16}$ - $4\frac{15}{16}$	$5\frac{5}{16}$ - $5\frac{3}{16}$	$5\frac{3}{16}$ - $5\frac{5}{16}$	$5\frac{5}{16}$ - $5\frac{3}{16}$	$5\frac{3}{16}$ - $5\frac{1}{16}$	$5\frac{1}{16}$ - $4\frac{15}{16}$
Discount market deps.	$5\frac{1}{4}$ - 3	$5\frac{1}{8}$ - $4\frac{7}{8}$	-	-	-	-

UK clearing bank base lending rate $5\frac{1}{2}$ per cent from November 23, 1993

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	$1\frac{3}{4}$	$4\frac{1}{4}$	4	$3\frac{3}{4}$	$3\frac{1}{4}$

Certs of Tax dep. under £100,000 is $2\frac{1}{4}$pc. Deposits withdrawn for cash 1pc.
Ave. tender rate of discount 4.8934pc. ECGD fixed rate Stlg. Export Finance. Make up day December 31, 1993. Agreed rate for period Jan 26, 1994 to Feb 25, 1994, Schemes II & III 6.65pc. Reference rate for period Dec 1, 1993 to Dec 31, 1993, Schemes IV & V 5.375pc. Finance House Base Rate $5\frac{1}{2}$pc from Jan 1, 1994

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.73	94.75	+0.01	94.77	94.71	22986	113513
Jun	94.90	94.95	+0.05	94.96	94.88	22362	95566
Sep	94.98	95.02	+0.03	95.02	94.96	7024	50939
Dec	94.98	95.00	+0.01	95.01	94.95	9577	51869

Traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9475	0.13	0.33	0.44	0.13	0.13	0.17
9500	0.05	0.16	0.29	0.30	0.23	0.27
9525	0.01	0.09	0.18	0.51	0.39	0.41

Est. vol. total, Calls 6309 Puts 8025. Previous day's open int., Calls 110609 Puts 103348

BASE LENDING RATES

	%		%		%
Adam & Company	5.5	Duncan Lawrie	5.5	* Roxburghe Bank Ltd is no longer authorised as a banking institution.	8
Allied Trust Bank	5.5	Exeter Bank Limited	6.5	Royal Bk of Scotland	5.5
AIB Bank	5.5	Financial & Gen Bank	6	●Smith & Williamson Secs.	5.5
●Henry Ansbacher	5.5	●Robert Fleming & Co.	5.5	Standard Chartered	5.5
Bank of Baroda	5.5	Girobank	5.5	TSB	5.5
Banco Bilbao Vizcaya	5.5	●Guinness Mahon	5.5	●United Bk of Kuwait	5.5
Bank of Cyprus	5.5	Habib Bank AG Zurich	5.5	Unity Trust Bank Plc	5.5
Bank of Ireland	5.5	●Hambros Bank	5.5	Western Trust	5.5
Bank of India	5.5	Heritable & Gen Inv Bk.	5.5	Whiteaway Laidlaw	5.5
Bank of Scotland	5.5	●Hill Samuel	5.5	Wimbledon & Sth West.	7
Barclays Bank	5.5	C. Hoare & Co	5.5	Yorkshire Bank	5.5
Brit Bk of Mid East	5.5	Hongkong & Shanghai.	5.5		
●Brown Shipley	5.5	Julian Hodge Bank	5.5	● Members of British Merchant Banking & Securities Houses Association	
CL Bank Nederland	5.5	●Leopold Joseph & Sons	5.5	* In administration	
Citibank NA	5.5	Lloyds Bank	5.5		
Clydesdale Bank	5.5	Meghraj Bank Ltd	5.5		
The Co-operative Bank	5.5	Midland Bank	5.5		
Coutts & Co	5.5	● Mount Banking	6		
Credit Lyonnais	5.5	NatWestminster	5.5		
Cyprus Popular Bank	5.5	●Rea Brothers	5.5		

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

Money Market Bank Accounts

[illegible]

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the three previous days is given with the relevant date.

Rule 535(2) stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ɸ Bargains done the previous day.

British Funds, etc

Treasury 13¾% Stk 2000/03 - £140½ 140⅛ 140⅜ (5Ja94)
Exchequer 10½% Stk 2005 - £133 (5Ja94)
Guaranteed Export Finance Corp PLC 11¼% Gtd Nts 1994 (Br £10000&100000) - £100.45 (5Ja94)

Corporation and County Stocks

Birmingham Corp 3½% Stk 1946(or after) - £42 (4Ja94)

Redland Capital PLC 7¼% Cnv Bds 2002(Br£1000&10000) - £110½ (4Ja94)
Redland Sterling Funding PLC 10⅞% Gtd Bds 2001 (Br £Var) - £121⅝
Royal Bank of Scotland PLC 9½% Undated Subord Bds (Br £ Var) - £113¼ɸ
Royal Bank of Scotland PLC 10.5% Subord Bds 2013 (Br £ Var) - £125⅜ 6 (4Ja94)
Royal Bank of Scotland PLC 10⅝% Subord Bds 1998 (Br£5000&25000) - £115⅛
Royal Insurance Hldgs PLC 9⅝% Subord Bds 2003 (Br £ Var) - £111⅝ ⅞ (4Ja94)
Severn Trent PLC 11⅝% Bds 2001 (Br £5000&100000) - £126½
Skandia Capital AB 11% Gtd Nts

Daily Mail & General Trust PLC 8¾% Exch Bds 2005 (Br£1000&5000) - £157 (4Ja94)
Dawson Finance NV 9⅜% GtdRedCnvPrf 2004(CertsToBr £1) - £37 (4Ja94)
Denmark(Kingdom of) 11⅞% Bds 1994 - £103⅞ 4.05 ⅛ (4Ja94)
E.I. Du Pont de Nemours & Co 7½% Nts 1999(Br $Var) - $106⅞ 107 (5Ja94)
Electricite de France 10½% Gtd Bds 2009 (Br£10000&100000) - £130½ 2⅝ (4Ja94)
Bf Enterprise Finance PLC 8¾% Gtd Exch Bds 2006 (Reg £5000) - £109⅛ ½
Bf Enterprise Finance PLC 8¾% Gtd Exch Bds 2006(Br£5000&100000) - £108⅝
Far Eastern Textile Ld 4% Bds 2006(Br$10000) - $126
Finland(Republic of) 9¾% Nts 1997 (Br£ Var) - £110.92 (5Ja94)
Finland(Republic of) 10⅛% Bds 1997(Br£1000&10000) - £113½ (4Ja94)
Greycoat PLC 9.5% Bds 2003 (Br£10000&100000) - £100¾ 101
Guaranteed Export Finance Corp PLC 9¼% Gtd Bds 2008 (Br £ Var) - £121⅛ ½ (5Ja94)
Guaranteed Export Finance Corp PLC 10⅝% Gtd Bds 2001 (Br£Var) - £124⅛
HSBC Holdings PLC 9⅞% Subord Bds 2018 (Br £ Var) - £120⅜ (31De93)
Halifax Building Society 10⅜% Nts 1997(Br£1000&10000) - £112¼ ⅜ (4Ja94)
Halifax Building Society Collared Fltg Rte Nts 2003 (Br £ Var) - £104½
Hanson PLC 9½% Cnv Subord 2006 (Br £Var) - £123¾
Hanson PLC 10⅜% Bds 1997 (Br £Var) - £113¼ (5Ja94)
Hanson Trust PLC 10% Bds 2006 (Br£5000) - £118¼
Hickson Capital Ld 7% Cnv Cap Bds 2004 (Reg) - 129½ ½ (4Ja94)
International Bank for Rec & Dev 9¼% Bds 2007 (Br£5000) - £122.01 (4Ja94)
International Bank for Rec & Dev 12% Nts 1995(Br£1000&10000) - £111.675 (5Ja94)
Japan Development Bank 7% Gtd Bds 2000

Cap Bds 2006 (Reg Units 100p) - 95 (4Ja94)
Aberdeen Trust PLC A Wts to Sub for Ord - 42 (5Ja94)
Aetna Malaysian Growth Fund(Cayman)Ld Ord $0.01 - £14.55ɸ
Albert Fisher Group PLC ADR (10:1) - $10.92
Alexanders Hldgs PLC "A"(RstV)Ord 10p - 17 (5Ja94)
Alexon Group PLC 6.25p (Net) Cnv Cum Red Prf 10p - 68½
Allied London Properties PLC 10% Cum Prf £1 - 112 (4Ja94)
Allied-Lyons PLC ADR (1:1) - $9.73 (5Ja94)
Allied-Lyons PLC 5½% Cum Prf £1 - 67 (5Ja94)
Allied-Lyons PLC 7½% Cum Prf £1 - 86
Allied-Lyons PLC 11¾% Deb Stk 2009 - £141¾ 2⅞
Allied-Lyons PLC 5¼% Uns Ln Stk - £82
Allied-Lyons PLC 6¼% Uns Ln Stk - £77 (4Ja94)
Allied-Lyons PLC 7½% Uns Ln Stk - £95
Allied-Lyons PLC 7¾% Uns Ln Stk 93/98 - £100 ½
Alvis PLC 5.5% Cnv Cum Non-Vtg Red Prf £1 - 77 (5Ja94)
American Brands Inc Shs of Com Stk $3.125 - $34ɸ ¼ɸ
Ameritech Corp Shs of Com Stk $1 - $74.905 5⅜ (4Ja94)
Andrews Sykes Group PLC Cnv Prf 60p - 47 (4Ja94)
Anglian Water PLC 5⅛% Index-Linked LnStk 2008(6.1024%) - £145½
Anglo-Eastern Plantations PLC Warrants to sub for Ord - 24
Associated British Foods PLC 5½% Uns Ln Stk 87/2002 50p - 44 (4Ja94)
Associated British Foods PLC 7½% Uns Ln Stk 87/2002 50p - 49 (4Ja94)
Attwoods PLC ADR (5:1) - $10.2 ¼
Attwoods (Finance) NV 8½p Gtd Red Cnv Prf 5p - 95
Automated Security(Hldgs) PLC 5% Cnv Cum Red Prf £1 - 83½

McDonald's Corporation Zero Cpn Nts 4/6/98 (Br £ Var) - £87⅞ (4Ja94)
Microtek International Inc 3.5% Bds 2001(Br$10000) - £125ɸ 126½ɸ
National Power PLC 6¼% Bds 2003(Br$ Var) - $96.85 (4Ja94)
National Westminster Bank PLC 11½% Und-SubNts £1000(Cnv to Prf)Reg - £128½ ½
Nationwide Building Society 8⅝% Subord Nts 2018 (Br £ Var) - £106 ⅞
Nippon Telegraph and Telephone Corp10⅞% Bds 2001 (Br £1000&10000) - £124⅛
Northumbrian Water Group PLC 9¼% Bds 2002 (Br £ Var) - £113¾
Osaka Gas Co Ld 8.125% Bds 2003 (Br £ Var) - £109⅞ (4Ja94)
Pacific Electric Wire&Cable Co Ld 3¼% Bds 2001(Br$10000) - $139 140½
Pearson PLC 10½% Bds 2008(Br£1000&10000) - £125⅞
Peninsular & Oriental Steam Nav Co 4¾% Cnv Bds 2002(Br£1000&10000) - £133¾ 4 (5Ja94)
PowerGen PLC 8⅞% Bds 2003 (Br £10000&100000) - £113.74 (5Ja94)
Prudential Finance BV 9⅜% Gtd Bds 2007 (Br£5000&100000) - £117⅞ 8 (4Ja94)

2010 - £137½ 8 (5Ja94)
Bardon Group PLC 7.25p (Net) Cnv Red Prf 25p - 85ɸ
Bardon Group PLC 11.25p Cum Red Prf 2005 10p - 108½
Barings PLC 8% Cum 1st Prf £1 - 112 (5Ja94)
Barings PLC 8% Cum 2nd Prf £1 - 112 (5Ja94)
Barings PLC 9¾% Non-Cum Prf £1 - 134 4
Barnato Exploration Ld Ord R0.01 - 20 (5Ja94)
Barr & Wallace Arnold Trust PLC Ord 25p - 565 (4Ja94)
Barrow Hepburn Group PLC 7.75% Cum Prf £1 - 100 (5Ja94)
Bass PLC ADR (2:1) - $18
Bass PLC 7¾% Uns Ln Stk 92/97 - £99½
Bergesen d-y AS "B" Non Vtg Shs NK2.5 - NK145.53 6 6 .23
Birmingham Midshires Building Soc 9⅜% Perm Int Bearing Shs £1000 - £104 ¼ ½
Blackwood Hodge PLC 9% Cum Red Prf £1 - 28ɸ
Blue Circle Industries PLC ADR (1:1) - $5.06
Blue Circle Industries PLC 6¾% 2nd Deb Stk 1984/2009 - £86½

FT-SE ACTUARIES INDICES

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices and the FT-SE Actuaries Industry Baskets are calculated by The International Stock Exchange of the United Kingdom and Republic of Ireland Limited.

The FT-Actuaries All-Share Index is calculated by The Financial Times Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries.

The FT-SE 100, FT-SE Mid 250 and FT-SE Actuaries 350 indices, the FT-SE Actuaries Industry Baskets and the FT-Actuaries All-Share Index are members of the FT-SE Actuaries Share Indices series which are calculated in accordance with a standard set of ground rules established by The Financial Times Limited and London Stock Exchange in conjunction with the Institute of Actuaries and the Faculty of Actuaries.

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Shepherd Neame Ld "A" Ord £1 - £7.1 (4Ja94)
South Green Hldgs PLC Ord 1p - £0.01ɸ
Southern Newspapers PLC Ord £1 - £3.875
Thwaites(Daniel)& Co PLC Ord 25p - £2⅝ (5Ja94)
Titaghur PLC Ord 5p - £0.23 0.26
Total Hepro Ld Ord 10p - £0.61 0.64 0.65 (4Ja94)
Tracker Network PLC Ord £1 - £0.6¼
UAPT-Infolink PLC Ord 25p - £0.65
Westside Ld "A" Non.V Ord 25p - £13½ 13.8 (4Ja94)

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Bank of East Asia HK$58
Berjuntai Tin Dredging 640
Boise Cascade Corp $23¼ (4/1)
Bounty Invs. 110
Bukit Sembawang £11¼ (5/1)
Commodore Intl. $3.39ɸ
Community Psychiatric $14¼,14⅜ (4/1)
Cons. Exploration A$0.0607
Devex 31 (31/12)
Far East Hotels HK$2.5530 (4/1)
Forest Laboratories £31
Futuris Corp A$1.34
General Securities Inv. S$2.898704 (4/1)
High Plains Corp $12⅛ɸ (5/1)
Hunter Resources A$0.6149
Idaho Power Co $30.282852ɸ
Keystone Intl. $26⅜ɸ
Kulim Malaysia 133ɸ121
Magellan Petroleum Aust. A$2.16087 (31/12)
Nugini Mining 285
North Flinders Mines 505 (4/1)
Ocean Resources 15 (5/1)
Oil Search 46,47,48
Portman Mining 75,9 (31/12)
Pretoria Portland Cement R70.71
Regal Hotels 19.7308ɸ (5/1)
Selangor Coconuts 180ɸ (5/1)
Singapore Land S$8.566375ɸ (4/1)

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LONDON STOCK EXCHANGE

MARKET REPORT

US buyers return to boost FT-SE 100 stocks

By Terry Byland, UK Stock Market Editor

The London stock market rounded off the first week of 1994 with a convincing display of confidence yesterday afternoon when excellent news on US employment soothed fears that interest rates might be forced higher on the other side of the Atlantic. Renewed buying of stock index futures by the big US securities houses drove the FT-SE Index up by 43 points to 3,446, within 16 points of the previous closing high reached just after Christmas.

Although the US payroll statistics appeared to have been leaked on the previous day, London warmly welcomed the formal announcement that non-farm payrolls had risen by a mere 183,000 in December, far below market estimates. Nervousness over prospects for rates in the US earlier this week had helped unsettle London's confidence that domestic base rates would be reduced in the near term.

At first, the UK market seemed set for another uncertain performance, with the Footsie stocks lacking support while the FT-SE Mid 250 Index continued to blaze ahead. But share prices began to move up half an hour before the US news came.

On the announcement, the March contract on the Footsie jumped to a substantial premium and London traders identified several of the large US buyers of the London futures who had pushed the Footsie ahead in December.

A brief pause for consolidation was followed by a renewed advance as the marketmakers again found themselves short of stock to meet the assault. The Footsie has moved erratically this week as marketmakers have sought to rebuild trading books which were badly stretched during the hectic advance just before Christmas.

However, the refocusing of attention on the Footsie stocks did nothing to slow progress in the FT-SE Mid 250 Index, which climbed 63.5, breaking through a new barrier to close at a new peak of 3,912.5.

At last night's close of the first leg of the equity account, the FT-SE 100 Index showed a gain of 27.6 on the week but the FT-SE Mid 250 was 121.2 points or 3.2 per cent ahead.

The recovery of confidence seen over the past two sessions has been reflected in high trading volume. On Thursday, Seaq volume of 1.02bn shares brought retail business worth £2.02bn, one of the best daily totals for twelve months. However, Seaq business increased again yesterday, totalling 1.05bn shares.

The soothing of interest rate worries also inspired the gilt edged market, where short dated issues moved higher. The best gains, however, came in the longer dates where renewed confidence that inflationary pressures will stay low added as much as ¾ of a point to bond prices. Index-linked gilts, after a slow start, edged higher towards the end of the session.

Equity traders expressed satisfaction with the resilience of the stock market over the past two sessions, which has seen the Footsie bounce over 90 points from Thursday morning's low point of 3,355.

Earlier in the week, the market had run into profit-taking as fund managers showed signs of turning away from the highly rated Footsie-listed stocks, preferring to move towards the FT-SE Mid 250 list.

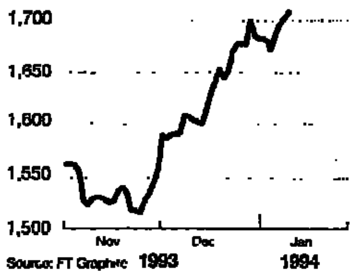
The re-appearance of US buyers for London equities was regarded as highly positive for the UK market and lends support to the highly favourable forecasts for the first half of 1994 from most local market analysts.

Account Dealing Dates

*First Dealings: Dec 13	Jan 4	Jan 17
Option Declarations: Dec 30	Jan 13	Jan 27
Last Dealings: Dec 31	Jan 14	Jan 28
Account Day: Jan 10	Jan 24	Feb 7

*New time dealings may take place from two business days earlier.

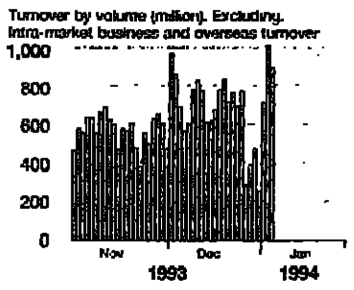
FT-SE-A All-Share Index



Source: FT Graphite

Equity Shares Traded

Turnover by volume (million). Excluding. Intra-market business and overseas turnover



■ Key Indicators

Indices and ratios

FT-SE Mid 250	3912.5	+63.5
FT-SE-A 350	1725.8	+23.0
FT-SE-A All-Share	1705.99	+22.38
FT-SE-A All-Share yield	3.31	(3.36)
FT Ordinary index	2617.4	+36.9
FT-SE-A Non Fins p/e	22.43	(22.13)
FT-SE 100 Fut Dec	3465.0	+41.0
10 yr Gilt yield	6.18	(6.26)
Long gilt/equity yld ratio:	2.03	(2.01)

FT-SE 100 Index

Closing index for Jan 7	3446.0
Change over week	+27.6
Jan 6	3403.0
Jan 5	3379.2
Jan 4	3408.5
High*	3446.8
Low*	3355.0

*Intra-day high and low for week

TRADING VOLUME

■ Major Stocks yesterday

	Vol. 000s	Closing price	Day's change		Vol. 000s	Closing price	Day's change
ASDA Group†	9,100	82		Lonrho	5,800	149½	+4
Abbey National†	3,900	490	−1	Lucas	2,700	206	+8½
Albert Fisher	1,500	70	−1	MEPC†	1,100	516	−4
Allied-Lyons†	1,000	689	+1	MR	4,400	180	−2
Anglian Water†	1,400	555	+6	Manweb	47	756	+14
Argos	508	383	+9	Marks & Spencer†	3,600	452	+4
Argyll Group†	5,300	305	+6	Midlands Elect.	370	710	+20
Arjo Wiggins†	839	248	+8	Morrison (Wm.)	2,700	115	−3
Assoc. Brit. Foods†	157	573	+1	NFC	1,000	270	+19
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

EQUITY FUTURES AND OPTIONS TRADING

An uncertain opening in the derivatives market was turned to strength by the welcome re-appearance of US buyers following confirmation that the US employment figures for December were much better than feared, *writes Terry Byland*.

The March contract rose very strongly on the news, driven by demand from several of the best-known US securities firms.

At best, the contract was at a 30 point premium to cash and there was considerable arbitraging between futures and equities. At the close, March stood at 3,465, still a 20-point premium to cash the and 7 on the fair value premium. Volume was heavy at 17,709 contracts.

In traded options, where turnover increased to 54,739 contracts, the FT-SE traded 13,717 on the renewed interest in the blue chip issues, against only 9,801 on Thursday when investors favoured the smaller stocks. The Euro FT-SE at 9,723 contracts was also busy.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	3427.0	3465.0	+41.0	3478.0	3413.0	17709	68037
Jun	3424.5	3477.5	+42.0	3483.0	3424.5	1444	2887
Sep	3468.0	3495.0	+41.0	3468.0	3468.0	120	100

Contract traded on APT. Open interest figures are for previous day.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3444) £10 per full index point

	3200 C	3200 P	3250 C	3250 P	3300 C	3300 P	3350 C	3350 P	3400 C	3400 P	3450 C	3450 P	3500 C	3500 P	3550 C	3550 P
Jan	250½	1½	207½	3	159½	5	113	9	70	18½	38	38	17	67½	6	109½
Feb	268½	7½	222	11	178½	16½	137½	25½	101	39½	71	59½	47	86	28½	119½
Mar	277½	16	234½	22½	193	30½	155	42½	120	57½	90½	77	65½	103	44	133
Apr	286	24½	243	30½	205	42	167½	54	136	72½	108	93	82½	119½	61	149
Jun†	302	38½			226½	61			162	94½			109	141		

Calls 6,934 Puts 6,156

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	3125 C	3125 P	3175 C	3175 P	3225 C	3225 P	3275 C	3275 P	3325 C	3325 P	3375 C	3375 P	3425 C	3425 P	3475 C	3475 P
Jan	325½	1	276½	1½	227½	2½	179½	4	131½	6	88½	11½	52	26	26	49
Feb	349	4	292½	6	246	9	201	13½	158½	21	119½	31½	85½	47½	57½	89
Mar	346	10½			256	19			173½	35½			104½	65½		
Jun	363	27½			283	45			210½	70			148	105½		
Sept†	388	46½			312	66½			245	95½			184½	131		

Calls 7,512 Puts 2,038 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

FT-SE-A INDICES - LEADERS & LAGGARDS

Percentage changes since December 31 1993 based on Friday January 7 1994

Engineering, Vehicles	+7.93	Transport	+3.44	FT-SE-A All Share	+1.42
Retailers, Food	+6.98	Healthcare	+3.29	FT-SE-A 350	+1.34
Leisure & Hotels	+6.90	Mineral Extraction	+3.20	Spirits, Wines & Cider	+1.10
Oil Exploration & Prod	+6.42	FT-SE Mid 250	+3.20	Investment Trusts	+0.90
Life Assurance	+5.35	Breweries	+3.14	FT-SE 100	+0.81
Gas Distribution	+4.70	Print, Paper & Pckg	+3.12	Consumer Goods	+0.52
Extractive Inds	+4.54	FT-SE SmallCap ex IT	+2.91	Utilities	+0.29
Insurance	+4.51	Distributors	+2.90	Electron & El Equipmt	+0.27
Gold Mines Index	+4.35	Gen Manufacturers	+2.87	Electricity	+0.04
Food Manufacturers	+4.21	Services	+2.73	Telecommunications	-0.09
Building & Const	+4.18	Oil, Integrated	+2.69	Financials	-0.56
Textiles & Apparel	+3.92	Chemicals	+2.66	Property	-1.25
Media	+3.51	FT-SE SmallCap	+2.60	Retailers, General	-1.77
Building Mtls & Mchts	+3.50	Diversified Industrials	+2.13	Household Goods	-2.13
Engineering	+3.50	Non-Financials	+1.86	Water	-2.66
FT-SE-Mid 250 ex IT	+3.48	Merchant Banks	+1.69	Banks	-3.01
Support Services	+3.46	Tobacco	+1.63	Pharmaceuticals	-3.11

FT - SE Actuaries Share Indices — The UK Series

	Jan 7	Day's chge%	Jan 6	Jan 5	Jan 4	Year ago	Div. yld%	Earn. yld%	P/E ratio	Xd adj. ytd	Total Return	1993/94 High		1993/94 Low		Since Compilation High		Since Compilation Low	
FT-SE 100	[illegible]						3.41	5.08	24.57	0.71	1262.32	3462.0	29/12/93	2737.6	19/1/93	3462.0	29/12/93	986.9	23/7/84
FT-SE Mid 250	[illegible]						3.11	4.85	25.42	4.04	1430.08	3912.5	7/1/94	2876.3	13/1/93	3912.5	7/1/94	1379.4	21/1/86
[illegible]	[illegible]						3.22	5.21	23.89	4.03	1414.10	3909.8	7/1/94	2874.6	1/1/93	3909.8	7/1/94	1378.3	21/1/86
[illegible]	[illegible]																		

■ FT-SE Actuaries All-Share

[illegible]

■ Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	3401.4	3415.5	3398.8	3403.6	3418.7	3421.2	3436.7	3439.8	3444.7	3446.8	3398.7
FT-SE Mid 250	3852.5	3864.6	3869.7	3877.8	3886.3	3891.3	3896.0	3902.8	3911.9	3912.5	3852.5
FT-SE-A 350	1702.5	1709.2	1709.2	1705.9	1712.7	1714.0	1720.5	1722.4	1725.2	1725.9	1702.5

Time of FT-SE 100 High: 3.49 pm Low: 10.05 am

■ FT-SE Actuaries 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Cnstrcn	1297.2	1302.0	1299.7	1302.4	1309.9	1317.0	1320.7	1326.3	1331.3	1332.2	1293.3	-36.4
Pharmaceuticals	3109.3	3119.3	3098.2	3099.7	3107.7	3112.6	3135.1	3115.6	3122.4	3124.5	3141.8	-17.3
Water	1975.7	1991.2	1985.4	2019.0	2022.4	2021.2	2022.1	2024.1	2026.1	2026.1	1979.3	+46.6
Banks	3361.8	3371.7	3331.5	3333.0	3354.2	3351.7	3369.7	3380.3	3398.8	3398.1	3363.0	+35.1

[illegible]

Ladbroke surge continues

The week's phenomenal run by Ladbroke continued apace yesterday, the shares gaining further support in the wake of the announcement that Mr Cyril Stein, the retiring chairman, would not be taking up his non-executive position on the board. Leisure analysts said that while the surprise news strengthened the chances of the dividend being cut, a move always strongly resisted by Mr Stein, it augured well for the company's attempts to reduce its debts. As well as giving the new management a freer rein, it is also expected to hurry the appointment of other non-executive directors. There were also reports that the company would join forces with media group MAI to mount a bid for the National Lottery.

Ladbroke shares jumped 14 to 194p in another day's hefty turnover of 11m. The stock, which has been among a number of brokers and pundits tips of the year for 1994, has now risen nearly 20 per cent in the past four days. Mr Mark Finnie at NatWest Securities, a long-time Ladbroke supporter, said: "Clearly the market has had its concerns over Mr Stein's potential new role. We do anticipate however that this announcement signals the beginning of a more positive news flow from the company, and we expect further outperformance."

Wellcome rallies

News of the pricing structure for SmithKline Beecham's new herpes treatment Famvir saw a sharp turnaround in sentiment for Wellcome as investors decided it lessened the chances of a price war with the latter's Zovirax drug. Wellcome shares, which had been 16 adrift at one stage, rallied on the news that Famvir would only be marginally cheaper than Zovirax, and closed 7 up at 689p. Analysts had been expecting a price differential of up to 25 per cent in favour of Famvir. SmithKline added a penny to 395p. Mr Andrew Porter at UBS said that the diminished prospects of a herpes price war was good news for both companies.

Elsewhere in the drugs sector, Medeva announced the development of a new oral vaccine for hepatitis with Proteus International. The former jumped 9 to 149p, and the latter 17 to 448p.

The strong market trend, a weighty broker's recommendation and figures from the Society of Motor Manufacturers and Traders showing an 11.6 per cent rise in the number of new cars sold last year all combined to boost the motor dealing stocks.

A buy recommendation from UBS favoured Lex Service, where the shares jumped 27 to 482p, Evans Halshaw, up 17 at 432p, and Appleyard Group, 7 better at 148p. The broker said: "We remain particularly positive on UK car dealers which are in the early stages of recovery and generally well financed." A Kleinwort Benson recommendation continued to power Reg Vardy and the shares put on 8 to 193p.

Shares in T&N jumped 16 to 232p, with Credit Lyonnais reported to have had the day's big buyer. Smith New Court were also said to be recommending the stock.

Rank Organisation refused to comment on market rumours that the leisure group would announce a new non-executive chairman with its results next week. Strongly being tipped for the post is the chairman of SG Warburg, Sir David Sholey. Rank shares added 3 to 1034p.

A positive note from NatWest Securities boosted several stocks in the oil sector. These included BP, 2 firmer at 373p in volume of 8.2m, while Enterprise Oil finished 7 ahead at 469p, with Smith New Court said to favour the stock.

Food retailers continued to attract interest. Kwik Save was helped by a UBS recommendation and the shares climbed 10 to 627p. Argyll added 6 to 305p, while William Morrison followed up good sales figures on Thursday by rising 10¼ to 189¼p.

Stores stocks largely shrugged off the frosty Christmas message from Dixons on Thursday. Argos, which had retreated on the former's profit warning, rebounded 9 to 383p. But Kingfisher was again under pressure on fears that its Comet subsidiary may have suffered the same fate as Dixons. The shares slid 18 to 729p. Burton slipped a penny to 67½p. Dixons rallied 4 to 244p.

However, talk of strong high street sales in non-electrical goods was confirmed after the market closed by Allders, which said its December sales were 10 per cent higher. The shares were up 12 at 230p at the market close. Improved trading at Lloyds Chemist saw the shares add 3 to 358p.

In a strong media sector, United Newspapers fell 23 to 662p, believed to be on a downgrading from NatWest Securities. Bid speculation over Reuters continued, pushing shares up 41 to 1864p.

Shares in Tomkins advanced 8 to 262p in trade of 4.7m. NatWest Securities yesterday issued a buy recommendation on the stock.

Meanwhile, SG Warburg upgraded its stance on the electricity sector to overweight, although cautioned on possible earnings disappointments in the spring results season. Panmure Gordon was also positive, tipping Northern Electric, up 28 to 724p, as its Rec for 1994.

Further weakness in the property majors ended a glum week for the leaders which have failed to build on their strong year-end performance. Worst hit yesterday were Land Securities, down 2 to 770p, and MEPC, off 4 to 516p.

However, Mr Robert Kynoch at NatWest Securities remains positive. "The fundamentals that supported the market in 1993 have not changed," he said.

● Share listed in the FT are now arranged according to a revised list of industry sectors. A full alphabetical listing of stocks together with the new sectors in which they can be found is contained in this issue. An explanation of the changes can be found on page III of the Weekend FT.

MARKET REPORTERS:
Christopher Price,
Joel Kibazo,
Clare Gascoigne.

■ Other statistics, Page 21.

NEW HIGHS AND LOWS FOR 1993/94

NEW HIGHS (474).
BANKS (2) Allied Irish, Bank Ireland, BREWERIES (3) Eldridge, Pope 'A', Holt (J), Wetherspoon (J.D.), BUILDING & CNSTRN (21) BLDG MATLS & MCHTS (20) CHEMICALS (5) Akzo, BTP, Croda, Laporte, Perstorp, DISTRIBUTORS(19) DIVERSIFIED INDLS (16) ELECTRNC & ELECT EQUP (16) ENGINEERING (24) ENG, VECHICLES (10) BBA, Daimler-Benz, GKN, Laird, Lucas Inds., Do. Warrants, Sytone, T&N, Trinity, Volvo 'B', EXTRACTIVE INDS (28) FOOD MANUF (9) Assoc. Brit. Foods, Banks (S. C.), Cadbury Schweppes, Carr's Milling, Devro, Hillsdown, Kerry Group A, Moran, Nestle', GAS DISTRIBUTION (1) Calor, HEALTH CARE (6) Community Hosp, Ferraris, Isotron, Quality Care Homes, Takare, Westminster Healthcare, HOUSEHOLD GOODS (6) Airsprung Furniture, Coletax & Fowler, Creighton Naturally, Mayborn, Osborne & Little, Waterford Wedgwood, INSURANCE (6) Bradstock, Commercial Union, General Accident, Independent Insce, Lowndes Lambert, Willis Corroon, INVESTMENT TRUSTS (103) INVESTMENT COMPANIES (7) LEISURE & HOTELS (16) LIFE ASSURANCE (3) Irish Life, Prudential, Transatlantic, MEDIA (22) MERCHANT BANKS (3) Close Bros, Singer & Friedlander, Warburg (S.G.), OIL EXPLORATION & PROD (4) Command Pet, Coplex Res, Monument, OGC, OIL, INTEGRATED (3) Brit Petm, Burmah Castrol, Shell Trans, OTHER FINANCIAL (12) OTHER SERVS & BUSNS (4) Calderburn, Gen Motors Uts, Nobo, Plantsbrook, PHARMACEUTICALS (1) Zeneca, PRTNG, PAPER & PACKG (21) PROPERTY (23) RETAILERS, FOOD (2) Farepak, Fitzwilton, RETAILERS, GENERAL (8) Allders, Body Shop, Cantors, Christies, Smith (W. H.) A, Storehouse, Stylo, Vendome Lux Uts, SPIRITS, WINES & CIDERS (2) Grand Met., Matthew Clark, SUPPORT SERVS (14) TELECOMMUNICATIONS (4) GN Great Nordic, Securicor, Do. 'A' N-V, Vodafone, TEXTILES & APPAREL (13) Abbeycrest, Alexandra Workwear, Allied Textile, Black (P), British Mohair, French (T), Hamlet, Hicking Pent, Honeysuckle, Jacques Vert, Parkland, Yorklyde, TRANSPORT (13) Assoc Brit Ports, BAA, British Airways, Do. 9¾pc Cnv, Dart, Dawsongroup, Eurotunnel Wts 1993, Forth Ports, GATX, Jacobs (J.I.), Mayne Nickless, TNT, Wah Kwong, WATER (3) Bristol, East Surrey, Mid Kent, AMERICANS (3) CANADIANS (5) NEW LOWS (17).
GILTS (5) BLDG MATLS & MCHTS (1) DISTRIBUTORS (1) ENGINEERING (1) INSURANCE (1) OIL EXPLORATION & PROD (2) OIL, INTEGRATED (1) OTHER FINANCIAL (1) AMERICANS (3) SOUTH AFRICANS (1)

■ CHIEF PRICE CHANGES YESTERDAY

London (Pence)

Rises		
Barratt Devs	240	+ 14
Druck	1425	+ 192
Eldridge Pope	155	+ 12
Hambro Ins	115	+ 10
Jacques Vert	199	+ 10
Ladbroke	194	+ 14
Medeva	149	+ 9
Monarch Res	237	+ 12
NFC	270	+ 19
Nobo	239	+ 22
RMC	991	+ 34
Radio Clyde	435	+ 35
Ramco Oil	172	+ 16
Reed Executive	118	+ 8
Suter	194	+ 7
Tarmac	192	+ 8
Vardy (Reg)	193	+ 8
Wace	204	+ 16
Falls		
Glaxo	664	− 15
Hopkinsons	43	− 5
Kingfisher	729	− 18
Utd Newspapers	662	− 23

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

AUTHORISED UNIT TRUSTS

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♣) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071-379-0444.

FT MANAGED FUNDS SERVICE

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INSURANCES

OTHER UK UNIT TRUSTS

Crown Financial Management Ltd

Crown Hse, Woking GU21 1XW 0483 715033

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
American Acc	130.1	136.9	(z)	-
Equity Acc	838.7	883.8	(z)	-
European Acc	248.2	261.2	(z)	-
Fixed Interest Acc	385.0	405.2	(z)	-
High Income Acc	800.8	852.4	(z)	-
Intl. Acc	503.7	530.2	(z)	-
Inv. Trust Acc	870.5	916.3	(z)	-
Japanese Acc	243.6	256.4	(z)	-
Managed Acc	605.3	637.1	(z)	-
Money Acc	293.3	308.7	(z)	-
Property Acc	256.5	270.0	(z)	-
Individual Pension Funds(z)				
American	151.6	159.4	(z)	-
Building Society	198.3	208.7	(z)	-
Equity	1035.9	1090.4	(z)	-
European	357.5	376.3	(z)	-
Fixed Interest	447.8	471.3	(z)	-
International	266.5	280.5	(z)	-
Investment Trust	459.8	484.3	(z)	-
Japanese	246.8	259.7	(z)	-
Managed	629.4	662.5	(z)	-
Money	363.3	382.4	(z)	-
Property	166.7	175.4	(z)	-
Group Pension Funds(z)				
American	164.9	170.8	(z)	-
Equity	1149.8	1188.3	(z)	-
European	386.0	400.0	(z)	-
Fixed Interest	515.5	534.1	(z)	-
International	288.1	298.5	(z)	-
Investment Trust	512.1	530.8	(z)	-
Japanese	266.2	276.8	(z)	-
Mixed	917.8	944.8	(z)	-
Money	494.2	512.1	(z)	-
Property	180.4	186.9	(z)	-
Other Funds(z)				
Growth Equity	715.1	752.7	(z)	-
Crown Brit Inv A	1389.9	-	-	-
Heritage	405.3	426.6	(z)	-
PE Cornet	467.4	492.0	(z)	-

Eagle Star Life Assurance Co Ltd

FT MANAGED FUNDS SERVICE

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	Bid Price	Offer Price	+ or -	Yield Gross
Royal Heritage Life Assurance Ltd - Contd.				
Gartmore Funds				
British	404.4	425.7	+4.6	-
European	249.6	262.8	-0.4	-
Frontier Markets	241.2	253.9	+9.6	-
Global Bond	120.1	126.5	—	-
Gold Intl Resources	102.8	103.0	-0.2	-
High Inc	321.7	338.7	+2.1	-
Hong Kong	518.0	545.3	-18.8	-
Income	464.2	488.7	+3.5	-
Japan	399.7	420.8	+4.6	-
UK Smlr Cos	329.0	346.4	+3.2	-
Man Gth	493.6	519.6	+2.3	-
Global Inc & Gwth	125.0	194.8		-
Pacific Growth	408.3	429.8	-9.5	-
INVESCO MIM				
European Smaller	184.4	194.2	+1.3	-
Sth & East Asia Gwth	392.5	413.2	-11.5	-
Inc Growth	333.2	350.8	+2.5	-
Japan Smlr Cos	240.7	253.4	+2.7	-
Man Growth	272.4	286.8	+1.2	-
Gilt	88.9	93.6	—	-
Perpetual Funds				
International Growth	177.6	187.0	-0.3	-
American Growth	224.2	236.0	+0.5	-
Intl Emerging Cos	271.2	285.5	-0.8	-
European	201.9	212.6	+0.5	-
Managed	205.7	216.6	+0.7	-
Royal Life Insurance Ltd				
New Hall Place, Liverpool L69 3HS 051-239 3000				

	Bid Price	Offer Price	+ or -	Yield Gross
Scottish Provident Group - Contd.				
Other Funds				
B&B Select Managed	126.6	133.3	+0.3	-
SVM Superior Growth	228.6	240.7	+0.8	-
SVM Superior Distribution	118.6	124.9	+0.2	-
KBJ Havers Managed Pens	136.2	143.4	+0.6	-
Capital Income & Growth	150.2	158.2	+0.4	-
Cap Retirement P'fdio	212.4	223.6	-0.9	-
JRJ Managed Pens	187.7	197.6	-1.1	-
Touchstone Retirement P'fdio	142.8	150.4	+0.4	-
Invest Bureau Inc & Gwth	118.9	125.2	+0.3	-
Scottish Widows' Group				
PO Box 902, Edinburgh EH16 5BU 031-655 6000				
Inv Pol 1 Jan 7	893.0	893.0	+8.1	-
Inv Pol 2 Jan 7	904.4	952.1	+7.8	-
Inv Pol 3 Jan 7	868.2	914.0	+8.9	-
Inv Pol Cash Ser 2 Jan 7	304.7	320.9	+0.2	-
Inv Pol Cash Ser 3 Jan 7	300.9	316.8	+0.1	-
Mixed Fund	477.0	498.0	-4.5	-
Equity Fund	560.4	589.9	+8.8	-
Property Fund	224.4	236.4	—	-
International Fund	500.9	527.3	+0.2	-
Fixed Int. Fund	401.1	422.3	-0.3	-
Index Stk. Fd.	210.8	222.0	-1.0	-
Cash Fd.	221.6	233.4	—	-
Pens. Mixed Fd. Ord.	632.9	666.3	+5.1	-
Pens. Equity Fd. Ord	757.5	797.4	+10.9	-
Pens. Prop. Fd. Ord.	304.1	320.1	-0.1	-
Pens. Int. Fd. Ord.	652.0	686.4	-7.6	-
Pens.Fxd.Int.Fd.Ord.	600.5	632.2	-0.5	-

	Bid Price	Offer Price	+ or -	Yield Gross
TSB Life Ltd				
Charlton Pl, Andover, Hants, SP10 1RE 0264 345678				
Managed Fund	291.2	306.6	—	-
Property Fund	198.6	207.0	—	-
Fixed Int Fund	235.1	247.6	-0.2	-
Money Fund	194.6	205.0	+0.1	-
Equity Fund	398.4	408.9	+2.9	-
Homebuyer Fund	236.2	248.6	+1.0	-
Managed Inv Fund	174.8	183.9	+0.8	-
Options Managed	135.6	142.9	+0.6	-
Options Equity	134.4	141.6	+0.6	-
Options Money	126.9	133.7	+0.1	-
TSB Pensions Ltd.				
Managed Pension	1130.6	1190.3	+3.3	-
Deposit Pension	224.6	236.6	+0.1	-
Target Life Assurance Co Ltd				
The Exchange, 66 High St, Aylesbury, Bucks HP20 1SE (0296) 394000				
Life Funds				
Managed	640.5	674.3	+2.6	-
Managed Growth	198.6	209.1	-0.2	-
Managed Opportunity	206.1	217.1	+0.1	-
Property	283.0	297.9	—	-
Residential Property	94.0	99.0	—	-
Fixed Int.	330.9	348.5	+0.1	-
Deposit	243.2	256.1	+0.1	-
Financial Series 1	51.1	54.9	—	-
Financial Series 2	174.4	183.7	—	-
Equity	229.5	241.6	+2.8	-
Gold & General	98.1	103.4	+0.3	-
TSB American	216.4	227.9	+0.6	-

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

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Pacific Basin Growth Fund

	Bid Price	Offer Price	+ or -	Yield Gross
NAV A Shs	$12.53		-0.24	-
NAV B Shs	$17.16		-0.30	-

Rosenberg Global Mngt Co SA (u)

Rosenberg Alpha Fund Global

	Bid Price	Offer Price	+ or -	Yield Gross
Portfolio A : NAV	$11.18		+0.01	-
Portfolio B : NAV	$13.12		+0.02	-

Rosenberg Management SA (u)

Rosenberg Alpha Fund Yield

	Bid Price	Offer Price	+ or -	Yield Gross
Portfolio A NAV	$10.22		+0.07	-
Portfolio B: NAV	$12.27		+0.07	-

Rosenberg US Japan Mngmt Co SA (u)

Rosenberg Alpha Fund US Japan

	Bid Price	Offer Price	+ or -	Yield Gross
Portfolio A: NAV	$10.08		+0.06	-
Portfolio B NAV	$11.66		+0.07	-

Edmond de Rothschild Group

In house fund

	Bid Price	Offer Price	+ or -	Yield Gross
Asian Capital Holdings	$88.42		—	-

Edmond de Rothschild Group

Other funds

	Bid Price	Offer Price	+ or -	Yield Gross
Asia Japan Emerging	$18.60380		—	-

Five Arrows Asia Pacific Fund (a)

	Bid Price	Offer Price	+ or -	Yield Gross
Japan Recovery	$12.00887		—	-
Asian Opportunities	$21.10149		—	-
Japan Small Cos	$8.30898		—	-
The French Prestige Fd Dec 31	$22.39070		—	-
The French Prestige Fd	FFr131.26		—	-
M-Fund Dollar Growth	$107.3510		—	-

SCI/TECH SA

	Bid Price	Offer Price	+ or -	Yield Gross
SCI/Tech NAV	$19.12		+0.13	-

Scudder, Stevens & Clark

Scudder Global Opportunities Funds

Global Equity Fund

	Bid Price	Offer Price	+ or -	Yield Gross
Class A (z)	$17.47		+0.03	-
Class B (z)	$17.47		+0.03	-

US Quality Growth Fund

	Bid Price	Offer Price	+ or -	Yield Gross
Class A (z)	$15.73		-0.02	-
Class B (z)	$15.74		-0.01	-

Emerging Markets Growth Fund

	Bid Price	Offer Price	+ or -	Yield Gross
Class A (z)	$20.54		+0.07	-
Class B (z)	$20.54		+0.07	-

Global Bond Fund

	Bid Price	Offer Price	+ or -	Yield Gross
Class A (z)	$15.94		+0.03	-
Class B (z)	$16.09		+0.02	-

Emerging Markets Income Fund

	Bid Price	Offer Price	+ or -	Yield Gross
Class A (z)	$16.35		+0.07	-
Class B (z)	$17.20		+0.07	-

US Mortgage-Backed Securities Fund

	Bid Price	Offer Price	+ or -	Yield Gross
Class A (z)	$14.74		+0.03	-
Class B (z)	$15.26		+0.04	-

US Short Term Income Fund

Columbus Asset Management Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
New Millenium Fund Inc	$71.4826		—	-

Connaught Investments Ltd (Hong Kong)

	Bid Price	Offer Price	+ or -	Yield Gross
Connaught World Growth	$27.08	28.88	—	-
Connaught Indonesian Gth	$3.89	4.09	—	-
Connaught Pacific Wrrt	$22.80	23.85	—	-
Connaught Barracuda Fd	$19.38	20.35	—	-
Connaught Malaysian	$25.60	26.88	—	-
Connaught HK Special Sits	$17.11	17.98	—	-
Connaught Venture Ptfolio	$14.88	15.61	—	-
Connaught Pacific Emi	$27.88	29.05	—	-
Connaught Thailand Fd	$24.22	25.44	—	-

Craig Drill Capital Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Jul 31	$126.90		—	-

Credit Lyonnais Intl Asset Mgmt (HK) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Asian Smlr Cos Jan 6	$15.31	16.09	—	-
Asian Spec Sits	$36.33	38.16	—	-
Indonesian Growth Jan 4	$18.14	18.98	—	-
Pacific Gth Jan 7	$32.08	33.70	—	-
Asia-Pacific Growth	$3.43	3.61	-0.10	-
Singapore Growth	$2.92	3.07	-0.04	-
Developing Mkts Jan 7	$22.28	23.41	—	-
Pakistan Gth Jan 3	$13.99	14.70	—	-
Pakistan Spec Sits Jan 3	$—	11.59	—	-
China Gth Jan 5	$14.60	15.36	—	-
Regional China	$1.13	1.19	-0.02	-

Credit Lyonnais Rouse (Bermuda) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Syclamtrend Ltd	$22.347		—	-

Credit Suisse

	Bid Price	Offer Price	+ or -	Yield Gross
CS Gold Valor	$104.60	106.17		-
CS Tiger	$1387.19	1428.16		-
CS Euroreal	DM100.71	105.80		-

Cregem International Bank

	Bid Price	Offer Price	+ or -	Yield Gross
Cregem Leveraged	Ecu140.00		—	-
Cregem Forex	$160.40		—	-

Crystal Corporation N.V.

	Bid Price	Offer Price	+ or -	Yield Gross
Shs Class A/B Dec 31	$91.06	93.82	—	-

For Cushion House see Casico Inv Mgt

DWS Deutsche Ges. F. Wertpapiersp

	Bid Price	Offer Price	+ or -	Yield Gross
Investa	DM86.84	91.19	—	-
Provesta	DM130.80	136.04	—	-
Intrenta	DM70.60	72.08	—	-
Inter-Renta	DM35.10	36.15	—	-

Daehan Investment Trust Co Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Korea Trust NAV Dec 31	$58.34		—	-
Seoul Trust NAV Jan 4	$33.90		—	-
Daehan Korea Trst NAV Jan 4	$9.59		—	-
Daehan Asia Trst NAV Jan 4	$14.00		—	-

Daiwa APT Japan Fund

WORLD STOCK MARKETS

INDICES

	Jan 7	Jan 6	Jan 5	1993/4 High		1993/4 Low	
Argentina							
General (29/12/77)	(u)	20615.6	20836.7	20981.00	4/1/94	12167.66	8/3/93
Australia							
All Ordinaries(1/1/80)	2183.0	2193.0	2199.0	2199.00	5/1/94	1495.00	13/1/93
All Mining(1/1/80)	1063.3	1075.3	1072.0	1075.30	6/1/94	584.70	13/1/93
Austria							
Credit Aktien(30/12/84)	438.17	(c)	441.56	441.56	5/1/94	300.28	14/1/93
Traded Index(2/1/91)	1161.90	(c)	1166.53	1166.53	5/1/94	712.06	15/1/93
Belgium							
BEL20 (1/1/91)	1498.22	1489.41	1484.97	1498.22	7/1/94	1125.46	4/1/93
Brazil							
Bovespa (29/12/83)	(u)	44417.0	42105.0	97300.00	26/8/93	714.72	4/1/93
Canada							
Metals Minls ♦(1975)	(u)	3619.51	3594.26	3619.51	6/1/94	2743.31	21/1/93
Composite ♦ (1975)	(u)	4425.40	4401.10	4425.40	6/1/94	3275.80	21/1/93
Portfolio§§ (4/1/83)	(u)	2098.80	2089.46	2098.80	6/1/94	1720.97	21/1/93
Chile							
IPGA Gen (31/12/80)	(u)	4139.5	4115.1	4139.50	6/1/94	2812.59	10/5/93
Denmark							
CopenhagenSE(3/1/83)	379.61	380.01	378.33	380.01	6/1/94	261.90	4/1/93
Finland							
HEX General(28/12/90)	1698.3	(c)	1671.3	1698.30	7/1/94	843.10	22/1/93
France							
SBF 250 (31/12/90)	1538.72	1518.60	1504.29	1538.72	7/1/94	1114.18	28/1/93
CAC 40(31/12/87)	2307.55	2275.06	2249.55	2307.55	7/1/94	1772.21	29/1/93
Germany							
FAZ Aktien(31/12/58)	837.01	842.64	854.52	855.87	4/1/94	586.92	14/1/93
Commerzbank(1/12/53)	2399.8	2417.6	2452.1	2459.00	4/1/94	1694.30	14/1/93
DAX (30/12/87)‡	2211.64	2220.22	2233.41	2267.98	3/1/94	1516.50	13/1/93
Greece							
Athens SE(31/12/80)	1077.83	(c)	1019.39	1077.83	7/1/94	667.72	5/1/93
Hong Kong							
Hang Seng(31/7/64)	11001.48	11374.50	12167.93	12201.09	4/1/94	5437.80	4/1/93
India							
BSE Sens.(1979)	3662.2	3509.4	3454.0	3662.20	7/1/94	2108.67	23/4/93
Indonesia							
Jakarta Comp.(10/8/82)	607.69	609.32	612.89	612.89	5/1/94	273.31	5/1/93
Ireland							
ISEQ Overall(4/1/88)	2010.22	1972.08	1933.07	2010.22	7/1/94	1191.19	11/1/93
Italy							
Banca Comm Ital (1972)	596.90	(c)	611.50	632.86	30/8/93	446.33	6/1/93
MIB General (4/1/94)	957.0	(c)	980.0	1366.00	7/1/94	957.00	7/1/94
Japan							
Nikkei 225 (16/5/49)	18124.01	17881.99	17753.48	21148.11	13/9/93	16078.71	29/11/93
Nikkei 300 (1/10/82)	274.62	272.16	271.02	306.84	10/11/93	249.64	29/11/93
Topix (4/1/68)	1481.02	1469.27	1462.85	1698.67	3/9/93	1250.06	25/1/93
2nd Section (4/1/68)	1910.73	1903.41	1890.78	2384.97	7/6/93	1651.72	26/1/93
Malaysia							
KLSE Comp.(4/4/86)	1194.89	1248.69	1314.46	1314.46	5/1/94	614.28	13/1/93
Mexico							
IPC (Nov 1978)	(u)	2684.17	2657.31	2684.17	6/1/94	1504.15	25/2/93
Netherland							
CBS TtlRtnGen(End 83)	443.7	444.1	440.1	444.10	6/1/94	295.70	4/1/93
CBS All Shr (End 83)	287.6	287.8	285.2	287.80	6/1/94	198.80	13/1/93
New Zealand							
Cap. 40 (1/7/86)	2224.16	2198.82	2192.80	2224.16	7/1/94	1485.37	21/1/93
Norway							
Oslo SE(Ind)(2/1/83)	1111.45	1107.68	1108.80	1111.45	7/1/94	669.93	27/1/93
Philippines							
Manila Comp (2/1/85)	3159.58	3293.33	3231.17	3308.37	4/1/94	1270.68	4/1/93
Portugal							
BTA (1977)	2726.6	2719.4	2709.3	2728.60	7/1/94	1608.20	14/1/93
Singapore							
SES All-S'pore(2/4/75)	626.47	633.62	637.55	641.61	4/1/94	394.10	13/1/93
South Africa							
JSE Gold (28/9/78)	2289.0♥	2259.0	2323.0	2331.00	4/1/94	775.00	5/1/93
JSE Indl. (28/9/78)	5750.0♥	5719.0	5688.0	5750.00	7/1/94	4333.00	19/4/93
South Korea							
KoreaCmpEx(4/1/80)**	895.25	893.17	886.93	895.25	7/1/94	605.93	6/3/93
Spain							
Madrid SE (30/12/85)	325.51	(c)	324.22	327.16	3/1/94	215.60	4/1/93
Sweden							
AffarsvardnGen (1/2/37)	1475.0	(c)	1438.8	1475.00	7/1/94	879.10	28/1/93
Switzerland							
Swiss Bk Ind (31/12/58)	1352.33	1341.54	1331.87	1352.33	7/1/94	904.80	11/1/93
SBC General (1/4/87)	1045.80	1038.42	1031.99	1045.80	7/1/94	678.70	11/1/93
Taiwan							
WeightedPr.(30/6/66)**	6200.59	6454.52	6416.84	6454.52	6/1/94	3098.43	9/1/93
Thailand							
Bangkok SET (30/4/75)	1575.43	1667.94	1709.64	1753.73	4/1/94	818.84	1/6/93
Turkey							
Istanbul Cmp.(Jan 1986)	23684.7	22929.1	22118.3	23684.70	7/1/94	3865.53	1/1/93
WORLD							
MS Capital Int (1/1/70)§	604.2*	602.0	602.6	607.10	15/10/93	486.60	13/1/93
CROSS-BORDER							
Eurotrack 100(26/10/90)	1485.12	1481.29	1473.05	1485.12	7/1/94	1063.02	13/1/93
Euro Top-100 (26/6/90)	1250.18	1241.84	1235.43	1250.18	7/1/94	882.73	13/1/93
JCapeMrgns (31/12/88)	(u)	375.68	395.19	395.19	5/1/94	189.92	4/1/93
Barings Emerg (7/1/92)	170.97	172.25	171.92	172.25	6/1/94	99.81	4/2/93

CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Jan	2278.0	2320.0	+35.5	2320.0	2268.0	23,195	39,494
Feb	2292.0	2332.5	+35.5	2330.0	2292.0	556	1,103
Mar	2302.0	2344.0	+35.5	2342.5	2298.0	862	30,627
Jun	-	2339.5	+35.5	-	-	-	1,687

Open interest figures for previous day.

** Sat Dec 18: Taiwan Weighted Price 5202.14, Korea Comp Ex 864.00. Base values of all indices are 100 except: Australia All Ordinary and Mining - 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall: Toronto Comp./Metals & Minerals and DAX - all 1,000; JSE Gold - 255.7; JSE 25 Industrials - 264.3, NYSE All Common - 50 and Standard and Poor's - 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index. Jan 7 - 2224.85 +4.32.

US INDICES

Dow Jones	Jan 6	Jan 5	Jan 4	1993/4 High	1993/4 Low	Since compilation High	Since compilation Low
Industrials	3803.88	3798.82	3783.90	3803.88 (6/1/94)	3241.95 (20/1/93)	3803.88 (6/1/94)	41.22 (2/7/32)
Home Bonds	104.80	104.85	104.74	111.29 (10/12/93)	103.49 (11/1/93)	111.29 (10/12/93)	54.99 (1/10/81)
Transport	1802.21	1778.83	1754.59	1802.21 (6/1/94)	1453.84 (4/1/93)	1802.21 (6/1/94)	12.32 (8/7/32)
Utilities	221.20	224.03	226.60	256.46 (31/8/93)	217.14 (8/1/93)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 3843.84 (3821.33) Low 3771.52 (3750.41) (Theoretical♦)
Day's high 3812.89 (3798.82) Low 3798.25 (3771.80) (Actual♦)

Standard and Poors	Jan 6	Jan 5	Jan 4	1993/4 High	1993/4 Low	Since compilation High	Since compilation Low
Composite ‡	467.12	467.55	466.89	470.94 (28/12/93)	429.05 (8/1/93)	470.94 (28/12/93)	4.40 (1/6/32)
Industrials	544.77	544.88	542.81	544.88 (5/1/94)	496.48 (26/4/93)	544.88 (5/1/94)	3.62 (21/6/32)
Financial	43.52	43.74	43.97	48.40 (28/9/93)	39.89 (8/1/93)	48.40 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	258.00	259.31	258.87	260.67 (29/12/93)	236.21 (8/1/93)	260.67 (29/12/93)	4.46 (25/4/42)
Amex Mkt Val	479.00	478.79	477.38	484.28 (3/11/93)	395.84 (8/1/93)	484.28 (3/11/93)	29.31 (9/12/72)
NASDAQ Comp	780.41	778.05	774.28	787.42 (15/10/93)	645.87 (26/4/93)	787.42 (15/10/93)	54.87 (31/10/72)

RATIOS

	Dec 31	Dec 17	Dec 10	Year ago
Dow Jones Ind. Div. Yield	2.68	2.67	2.67	3.14
	Jan 5	Dec 29	Dec 22	Year ago
S & P Ind. Div. yield	2.38	2.38	2.40	2.58
S & P Ind. P/E ratio	27.72	27.21	27.43	26.85

STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	467.55	467.80	+0.05	468.90	467.50	45,811	183,084
Jun	469.60	468.80	-	469.80	468.80	130	3,722
Sep	470.80	470.00	-	471.40	470.00	8	811

Open interest figures are for previous day.

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Close price	Change on day
Circ City	7,599,100	17½	-4½
K Mart	6,733,400	19¼	-1½
Wal-Mart	5,434,100	24½	-1
Borden	4,625,000	15⅛	-⅛
Am Express	4,096,575	29⅝	-¼
Am T & T	4,052,500	53¼	+1½
Merck	3,940,600	36⅞	-⅛
Telefonos	3,909,600	67½	-⅜
Brunswick	3,474,300	20	+1⅝
Best Buy	3,389,300	40	-7⅛

TRADING ACTIVITY

● Volume (million)

	Jan 6	Jan 5	Jan 4
New York SE	363.449	375.134	322.451
Amex	22.468	21.104	19.329
NASDAQ	349.206	349.890	298.602
NYSE			
Issues Traded	2,715	2,738	2,710
Rises	1,060	1,195	1,206
Falls	1,039	978	916
Unchanged	616	564	588
New Highs	120	112	59
New Lows	25	36	30

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ± Industrial, plus Utilities, Financial and Transportation ♦ The DJ Indl. Index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's) ♥ Subject to official recalculation.

WORLD STOCK MARKETS

AMERICA

Dow rallies on labour market growth

Wall Street

After climbing into uncharted territory in the previous session, US stocks extended their gains yesterday morning as the bond market rallied on news of restrained growth in the labour market, *writes Frank McGurty in New York.*

By 1 pm, the Dow Jones Industrial Average was 7.04 higher at 3,810.92, while the more broadly based Standard & Poor's 500 was 1.35 ahead at 468.47. The secondary markets lagged, with the American SE composite 0.15 down at 478.85, and the Nasdaq composite 0.48 lower at 779.93.

In keeping with a week-long trend, volume on the NYSE was heavy. About 187m shares were exchanged by 1 pm.

The market opened on a firm, but subdued note. An inclination to consolidate after a gain of over 55 points in the new year was set against fresh optimism on the direction of the US Treasury market.

Brazilian shares rose by 6.1 per cent in heavy trade by 1600 local time after a succession of sizeable gains this week, the Bovespa index rising 2,726 to 47,143 on optimism ahead of a Congressional vote on the economy minister, Mr Fernando Henrique Cardoso's economic plan.

Cash poured into bonds after the Labor Department reported that December non-farm payrolls had risen by 183,000, well below the consensus forecast, but indicative of healthy growth. With concern over inflation eased, the 30-year benchmark government issue was trading 1⅛ higher at 99$\frac{23}{32}$ by midday.

Despite this, the Dow failed to make significant headway as shares mostly traded in a narrow range just above their opening values. However, the improved outlook for interest rates helped some sectors which have underperformed the market in recent weeks. In banking, JP Morgan climbed $1⅝ to $69¼, Bankers Trust $1⅝ to $78¾, Chemical Bank $1 to $40½ and First Chicago $⅞ to $42¼.

Blockbuster Entertainment, one of the most active NYSE issues, was set back $1¼ to $28⅜ amid reports that it is negotiating a merger with Viacom as part of the latter's strategy to acquire Paramount Communications. Viacom shed $1 to $46, while Paramount added $1 to $79¾. QVC, which was expected to win the takeover battle, jumped $2¼ to 41¾.

Rite Aid, the largest US drugstore chain, picked up $1 to $18¼ after announcing a store closure and restructuring programme.

Among semiconductor stocks, Advanced Micro Devices was marked down $1¼ to $16⅞ after reporting a downturn in fourth-quarter earnings. Motorola lost $1 to $88⅝.

Texas Instruments slipped $¼ to $67½ in spite of a Salomon Brothers forecast of increased demand for certain of its products. By contrast, Micron Technology gained $1½ to $50⅝ on a similar forecast.

Canada

Toronto weakened slightly at midday as a falling precious metals sector offset gains in energy and forestry stocks.The TSE 300 composite index fell 2.29 to 4,423.14 in turnover of C$543.86m.

EUROPE

Bourses stage turnround after early gloom

Yesterday morning was gloomy, as Mr Albert Edwards, the Kleinwort Benson strategist, reduced his weighting for Europe excluding the UK by a swingeing seven percentage points, from 15 to 8 per cent.

However, bourses staged a turnround in the afternoon following the fall in US December unemployment figures, *writes Our Markets Staff.*

FRANKFURT moved from a fall of 8.58 to 2,211.64 on the session, down 2.4 per cent on the week, to 2,224.95 at the end of the post-bourse. Mr Nigel Longley of Commerzbank said that there was a lot of short covering after the US unemployment figures.

Turnover rose from DM8.2bn to DM10.8bn. Metallgesellschaft was requoted, falling DM52.50 to DM218 on the session and recovered a token DM4 of that in the afternoon. Deutsche Bank, with apparently the greatest banking exposure to the debacle, recovered DM4 to DM863 on the session, and another DM7.50 to DM870.50 after hours.

Commerzbank announced a deep discount rights issue and a rise in dividend which put it on a high, 4½ per cent yield to German shareholders. It rose DM2.80 on the session to DM382.50, and soared to DM391 later. Mr Peter Thorne, banking analyst with Paribas Capital Markets in London, was cautious: "Commerzbank was under-provided for LDC risks a couple of years ago," he said, "and there must be a suspicion in the market that it is lagging behind in provisions for bad and doubtful debts in the corporate sector."

PARIS posted a strong afternoon rebound which left the CAC 40 index 32.4 higher at 2,307.55, up 1.7 per cent on the week in heavy turnover of FFr7.4bn.

Automotive stocks, higher in mid-week on hopes of government support for the industry, led the gains with Peugeot up FFr42, or 5.4 per cent at FFr817 and Michelin FFr11.80, or 5.5 better at FFr226.10.

Metaleurop fell FFr6 to FFr77.40 after FFr73.30, and being suspended limit-down at one point; Eurotunnel eased FFr2.25 to FFr56.25 on profit-taking after weeks of steady gains.

ZURICH closed at its fifth consecutive record high with firmer US bond and equity markets providing late support. The SMI index added 21.0 to 3,042.9 for a rise this week of 2.9 per cent.

Nestlé, SFr28 higher at SFr1,343, topped the active list, and other leaders included UBS, up SFr17 at SFr1,399, and Roche certificates, SFr105 higher at SFr6,490.

Further demand for cyclicals took Georg Fischer bearers SFr75 higher to SFr1,300 and BBC Brown Boveri firmed SFr21 to SFr1,150. However, Sulzer which rose strongly earlier this week, shed SFr10 to SFr900 on profit-taking.

Shares in Holderbank fell SFr20 to SFr965 after the cement producer said it planned to raise its stake in Holnam, the US subsidiary, to 100 per cent from 95 per cent.

AMSTERDAM ended an active week in subdued mood but still managed to climb off earlier lows to book a cumulative 2.5 per cent gain on the renamed AEX over its first five sessions. The index added 0.45 to to close at 424.02, having posted an early intraday high of 425.41.

KLM began firm before a sudden burst of British buying took the shares up 4 per cent in about 30 minutes amid speculation that a widely expected share issue may be imminent. After a day's high of Fl 45.00 they edged back to finish Fl 1.50 ahead at Fl 44.60.

MILAN succumbed to immediate political worries and next Wednesday's parliamentary vote of confidence and the Comit index shed 14.6 or 2.4 per cent to 596.90. The index has fallen by 3.6 per cent over the week.

Montedison dominated trading, as it has all week, dipping L9 to L885.90. Heavy arbitrage with its rights issue accounted for volume of 40m shares. Ferruzzi shed L252 or 15.5 per cent to L1,427 also amid arbitrage with its rights. Monday is the last day for both cash calls.

BRUSSELS hit yet another high, the Bel-20 index ending 8.81 better at 1,498.22 for a gain of 1.7 per cent on the week, helped by an interest rate cut late on Thursday by the Banque Nationale de Belgique.

STOCKHOLM found firm demand which took the Affärsvärlden general index 36.2 or 2.5 per cent higher at a record 1,475.0.

Hennes & Mauritz, the retailer, closed SKr26 or nearly 10 per cent higher at SKr298 amid expectations that a controversial advertising campaign could have the same impact on sales as one two years ago that featured the model, Cindy Crawford.

B shares in Gambro, the medical equipment company rose SKr14 to SKr395 on expectations of strong growth in the price.

ATHENS ended 5.7 per cent higher on the day and 12.4 per cent better on the week, the general index closing 58.44 higher at 1,077.83 on technical and sentiment grounds.

Written and edited by William Cochrane and Michael Morgan

FT-SE Actuaries Share Indices

Jan 7 — THE EUROPEAN SERIES

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1471.16	1471.40	1471.41	1475.01	1476.48	1480.03	1484.35	1486.12
FT-SE Eurotrack 200	1541.60	1541.71	1542.86	1544.97	1547.93	1552.76	1558.16	1559.88

	Jan. 6	Jan. 5	Jan. 4	Dec. 31	Dec. 30
FT-SE Eurotrack 100	1481.29	1473.05	1479.29	1473.36	1475.84
FT-SE Eurotrack 200	1548.25	1540.12	1545.77	1546.84	1547.64

Base value 1000 (26/10/90); High/day: 100 - 1485.68; 200 - 1560.01 Low/day: 100 - 1469.95 200 - 1541.04.

SOUTH AFRICA

Resilient gold shares took the overnight fall in the bullion price in their stride before heading higher again. The gold index added 30 to 2,289.98. Industrials rose 31 to 5,750, while the overall index put on 20 to 5,082.

Analysts differ on US equity targets in 1994

Patrick Harverson on the outlook for Wall Street

Although the US stock market posted solid enough gains in 1993 (the Dow Jones Industrial Average rose almost 14 per cent and the Standard & Poor's 500 by 7 per cent), they paled in comparison to the stellar performance of many overseas equity markets.

Wall Street last year lagged behind the main bourses in Europe, where share prices rose by an average of 39 per cent, primarily because the US was at a different stage in the interest rate cycle.

Having fallen sharply in 1991 and 1992, interest rates stabilised in the US last year, albeit at historically very low levels. In comparison, interest rates in Europe were still on the way down throughout 1993.

What is more, European rates look as if they have further to fall as Germany, France, and to a lesser extent, the UK, ease monetary policy to boost economic growth. In the US, however, rates can only go one way: up. That means the US may again be outshone by foreign markets in 1994, even although stocks in Europe will find it tough to match last year's returns.

So what do strategists at the top securities houses on Wall Street expect the US market to do this year? Although there is a reasonable consensus about how the economy and interest rates will perform – the former will grow, but not particularly strongly, while the latter will rise, but not particularly far or fast – and a general agreement that corporate earnings will continue to improve, there are differences over how share prices will move.

Wall Street's most well-known optimist is Elaine Garzarelli, the high-profile market analyst at Lehman Brothers, who expects stocks to rise between 10 per cent and 15 per cent this year. If her most optimistic forecast is met, the Dow will end the year at over 4,300, and the S & P at 535.

Her confidence is based upon the expectation that short-term interest rates will not rise by much in 1994. Although the health of the economy will continue to improve, inflation will remain unthreatening (primarily because of low oil prices), so market and Fed pressure on interest rates will not be particularly strong.

The only thing that could unsettle the market seriously, says Ms Garzarelli, would be a big rise in long-term interest rates – like a jump in the 30-year Treasury bond yield from its current 6.3 per cent to 7.2 per cent. This, she says, is unlikely.

At the other end of the spectrum is David Shulman, chief equity strategist at Salomon Brothers, who is distinctly bearish about 1994. Mr Shulman eschews a Dow forecast, but expects the S&P 500 to trade in a range between 420 and 480 (the index is currently trading around 467).

Although there is a reasonable consensus about how the economy and interest rates will perform over the next 12 months, and a general agreement that corporate earnings will continue to improve, there are differences over how share prices will move.

His reasoning for the gloomy prognosis is simple. In 1993, the market performed well because of four factors: a once-in-a-generation long bond rally; a $5 decline in the price of oil; 18 per cent growth in corporate operating profits; and a friendly Federal Reserve. None of these positive influences, however, will be present this year, says Mr Shulman.

Instead, he believes that the Fed will tighten monetary policy, the bond market will not rally, the oil price will hold near current levels, and operating profits will grow by only 11 per cent. Liquidity will also shrink, as the rise in interest rates slows down the flow of money out of short-term assets and into equities. "Everybody's complacent" about market prospects, he warns.

In between Ms Garzarelli and Mr Shulman lie the majority of Wall Street forecasts. One of the more bullish firms is SG Warburg, which has set a target for 4,200 on the Dow and 530 on the S&P. Like Ms Garzarelli, the Warburg analysts Gail Dudack and Jennifer Ludington are confident that inflation will remain low during the year. Like many others, they also envisage solid profitability gains by US companies.

Abby Cohen, the chief strategist at Goldman Sachs, sits roughly in the middle of the forecasting range. She is looking for stocks to rise about 10 per cent. She also makes the point, echoed across Wall Street, that equities will be increasingly decoupled from the bond market. Unlike 1993, when the bond market rally kept share prices buoyant, she expects equities significantly to outperform bonds.

Where Ms Cohen stands out from the crowd, however, is in her assertion that stocks are undervalued by as much as 15 per cent on the S & P in relation to inflation and interest rates. She explains: "Our valuation approaches make the key assumption that investors are willing to pay more for a given level of earnings, cash flow or dividends when inflation and interest rates are not troublesome." Hence she believes that inflation and bond yields will remain low in 1994.

As for what Wall Street analysts have to say about particular sectors in the market, the central message to investors is stick with economically-sensitive stocks, stay away from interest rate-sensitive stocks, look out for companies with exposure to what should be an improving European economy, and keep an eye on the entertainment and media sector, especially the companies that will provide the programming for the multi-media age.

ASIA PACIFIC

Plunge in Bangkok leads region's losses

Tokyo

Last minute arbitrage buying pushed up share prices, and the Nikkei closed above the 18,000 level for the first time since December 17, *writes Emiko Terazono in Tokyo.*

The 225-issue index rose 242.02 to 18,124.01 after a low of 17,787.48 and a high of 18,131.41. The Topix index of all first section stocks rose 11.75 to 1,481.02.

Trading was dull, with financial institutions and corporate investors taking small lot profits. However, a rise in the futures market in the afternoon triggered a late flurry of buying. US mutual and pension funds were placing buying orders in laggard stocks.

Volume totalled 300m shares against 362m. Advances outpaced declines by 640 to 381, with 148 unchanged. In London, the ISE/Nikkei 50 index rose 6.90 to 1,237.12.

Afternoon reports that the government was considering reducing the securities trading tax as part of the emergency economic package also generated buying.

Telecommunications related stocks continued to rise on the government's plans to refurbish the country's telecom system to allow multi-media access, revealed on Thursday. NEC, the most active issue of the day, rose Y56 to Y962 and NTT by Y8,000 to Y787,000.

Drug and bio-technology issues were higher on reports that the government will provide financial aid to developing countries facing the spread of the Aids virus. Ajinomoto, a foods manufacturer developing an anti-Aids drug, rose Y30 to Y1,360.

Some export oriented stocks, which have been supported by foreign buying lost ground on profit taking. Sony fell Y40 to Y5,750.

In Osaka, the OSE average rose 95.95 to 19,851.16 in volume of 31.3m shares.

Roundup

Aggressive profit-taking led to sharp falls across the Pacific Rim as Kleinwort Benson added its voice to those strategists advising clients to shift their investments.

BANGKOK saw heavy selling by institutions and individuals and the SET index plunged 92.51 or 5.5 per cent to 1,575.43 in hefty turnover of Bt33.74bn.

KUALA LUMPUR gave in to profit-taking for the second straight day and the composite index fell 4.6 per cent, taking the cumulative two day fall to 10.1 per cent. The composite index gave up 57.96 to 1,190.73 for a 6.6 per cent fall over the week.

MANILA shed 4.1 per cent as profit-taking took hold after PDLT's $3 fall to $76½ on Wall Street. The composite index fell 133.72 to 3,159.56.

TAIWAN plunged 3.9 per cent on heavy profit-taking in a correction from a bull run which saw the index soar 23 per cent in the previous eight sessions.

The index opened slightly higher but soon fell and ended 253.93 down at 6,200.59, still 2.1 per cent up on the week.

HONG KONG suffered a 3.3 per cent fall as local and overseas investors took profits, for a cumulative two day decline on 9.6 per cent. The Hang Seng index fell 373.02 to 11,001.48, after a day's low of 10,611.73, in record turnover of a provisional HK$15.23bn. The market shed 9.2 per cent in the week.

The futures market also was down sharply with the January contract down 260 at 10,880.

AUSTRALIA share market fell for the first time in more than two weeks, as investors took profits in blue chip issues. The All Ordinaries index closed 14.3 down at 2,186.0, 0.6 per cent higher over the week.

SINGAPORE closed lower for the third straight day, and the Straits Times Industrials index fell 21.86 to 2,366.40, 2.4 per cent lower on the week, but well above the intra-day low of 2,304.62.

JAKARTA closed lower in slow late trading, with profit-taking dampening sentiment. The market index fell 1.63 to 607.69 but was still 3.2 per cent higher this week.

BOMBAY surged as foreign investors and domestic institutions bought a wide spectrum of shares after the exchange fixed carry forward costs at a less than expected 2.0-2.25 percent. The BSE-30 index rose 152.73 or 4.3 per cent to 3,662.20.

SEOUL moved higher for the third consecutive session in spite of selling pressure from the Korea Stock Market Stabilisation Fund which eclipsed an early advance. The composite stock index added 2.08 to 895.25.

NEW ZEALAND closed at a 51-month high, the NZSE-40 capital index rising 25.34 to 2,224.16, up 1.6 per cent on the week.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS Figures in parentheses show number of lines of stock	THURSDAY JANUARY 6 1994 US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	WEDNESDAY JANUARY 5 1994 US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX 1993/94 High	1993/94 Low	Year ago (approx)
Australia (69)	170.45	-0.3	169.83	121.27	154.17	165.67	+0.2	3.11	170.93	170.49	121.84	154.62	165.42	170.93	117.39	120.98
Austria (17)	187.17	+0.0	186.49	133.17	169.29	169.01	+0.0	0.94	187.20	186.72	133.43	169.34	169.01	188.00	131.16	135.09
Belgium (42)	164.68	+0.5	164.08	117.14	148.93	146.40	+0.3	3.93	163.91	163.49	116.83	148.27	145.97	166.01	131.19	132.44
Canada (107)	139.76	+0.1	139.25	99.43	126.40	133.78	+0.6	2.51	139.61	139.25	99.50	126.27	132.96	139.76	111.41	113.70
Denmark (32)	256.21	-0.2	255.28	182.29	231.73	235.45	-0.2	0.86	256.60	255.94	182.90	232.11	235.95	256.60	185.11	191.69
Finland (23)	130.66	+0.0	130.18	92.97	118.18	157.65	+0.0	0.88	130.66	130.32	93.14	118.19	157.65	130.66	65.50	74.33
France (99)	177.01	+0.9	176.36	125.93	160.06	164.05	+1.0	2.84	175.44	174.99	125.04	158.68	162.43	179.49	142.72	145.88
Germany (59)	137.78	-0.6	137.28	98.04	124.61	124.61	-0.6	1.66	138.58	138.20	98.77	125.33	125.33	142.38	101.59	103.06
Hong Kong (55)	472.32	-6.6	470.60	336.04	427.22	468.38	-6.6	2.33	505.51	504.21	360.31	457.29	501.23	506.56	218.82	222.83
Ireland (14)	196.87	+1.8	196.15	140.07	178.06	194.45	+1.8	2.91	193.46	192.97	137.90	175.00	191.07	196.87	129.28	143.60
Italy (69)	67.68	+0.3	67.43	48.15	61.21	85.35	+0.0	1.92	67.46	67.29	48.08	61.02	85.35	78.33	53.78	54.68
Japan (468)	131.55	+0.6	131.07	93.59	119.00	93.59	+0.4	0.87	130.80	130.46	93.23	118.33	93.23	165.91	100.75	104.01
Malaysia (69)	592.53	-4.7	590.37	421.55	535.90	600.40	-4.8	1.21	621.83	620.03	443.06	562.29	629.17	621.63	251.66	263.18
Mexico (18)	2433.51	+3.9	2424.66	1731.39	2201.03	8261.39	+3.9	0.61	2341.99	2335.89	1669.24	2118.40	7950.35	2433.51	1410.30	1725.81
Netherland (26)	203.43	+1.0	202.69	144.74	184.00	180.49	+0.9	2.94	201.47	200.95	143.60	182.25	178.85	203.43	150.39	152.37
New Zealand (14)	67.68	-1.1	67.43	48.16	61.22	64.63	-0.1	3.63	68.41	68.23	48.76	61.88	64.69	68.41	40.56	42.31
Norway (23)	188.54	+0.1	187.86	134.14	170.53	191.68	-0.1	1.33	188.39	187.91	134.28	170.41	191.83	188.54	137.71	143.35
Singapore (45)	369.84	-2.4	368.49	263.13	334.50	271.36	-2.8	1.52	378.92	377.95	270.09	342.76	279.27	378.92	207.04	213.93
South Africa (60)	277.22	+0.4	276.21	197.23	250.73	260.54	-0.7	2.14	276.14	275.43	196.82	249.78	262.40	277.22	144.72	152.83
Spain (42)	137.24	-0.4	136.74	97.65	124.13	151.10	+0.0	3.96	137.79	137.43	98.21	124.64	151.10	145.24	115.23	117.98
Sweden (36)	204.37	+0.3	203.63	145.41	184.85	247.76	+0.0	1.41	203.72	203.20	145.21	184.29	247.76	208.92	149.70	163.72
Switzerland (49)	165.14	+1.1	164.54	117.50	149.38	150.96	+0.7	1.43	163.32	162.91	116.42	147.76	149.86	165.86	108.91	110.33
United Kingdom (215)	206.14	+0.9	205.39	146.66	186.43	205.39	+0.8	3.50	204.35	203.82	145.64	184.83	203.82	209.10	162.00	174.02
USA (518)	190.00	-0.1	189.31	135.19	171.86	190.00	-0.1	2.75	190.17	189.68	135.56	172.03	190.17	191.68	175.38	176.03
Europe (746)	170.71	+0.6	170.09	121.46	154.41	165.61	+0.5	2.74	169.71	169.27	120.96	153.52	164.78	172.29	133.92	136.11
Nordic (114)	197.59	+0.1	196.87	140.58	178.71	207.97	+0.0	1.20	197.30	196.79	140.63	178.47	208.07	197.59	142.13	149.52
Pacific Basin (721)	146.07	-0.3	145.54	103.93	132.12	107.10	-0.5	1.16	146.58	146.21	104.48	132.60	107.61	168.80	105.89	108.67
Euro-Pacific (1467)	156.17	+0.1	155.60	111.10	141.24	129.51	+0.0	1.87	156.06	155.66	111.22	141.16	129.55	162.86	117.26	119.77
North America (625)	186.65	-0.1	186.17	132.98	169.03	186.11	-0.1	2.73	187.01	186.53	133.31	169.19	186.22	188.13	171.51	172.17
Europe Ex. UK (531)	148.55	+0.4	148.01	105.71	134.39	142.30	+0.3	2.24	147.96	147.58	105.48	133.87	141.82	150.04	112.51	113.71
Pacific Ex. Japan (252)	284.23	-4.1	283.20	202.26	257.10	262.64	-4.0	2.30	296.38	295.60	211.27	268.11	273.51	296.38	152.70	154.35
World Ex. US (1652)	158.64	+0.1	158.06	112.87	143.49	133.02	+0.0	1.87	158.41	158.01	112.92	143.30	132.98	162.89	118.51	120.95
World Ex. UK (1955)	164.47	+0.0	163.87	117.02	148.77	145.62	-0.1	2.05	164.54	164.12	117.29	148.85	145.77	168.66	134.22	135.22
World Ex. So. Af. (2110)	167.41	+0.0	166.80	119.12	151.43	149.89	+0.0	2.20	167.33	166.90	119.28	151.37	149.89	170.46	137.29	138.60
World Ex. Japan (1701)	189.62	-0.1	189.13	134.35	170.91	185.20	-0.2	2.68	189.06	188.58	134.77	171.05	185.49	189.49	157.47	158.13
The World Index (2170)	168.08	+0.1	167.48	119.60	152.05	150.77	+0.0	2.20	168.00	167.57	119.75	151.98	150.79	170.68	137.32	138.58

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Following the merger of Banco Lariano, B.P.L. and San Paolo (all Italian), by way of a share exchange, the free float of the latter will be increased to 33.15%. Consequently the full share capital of San Paolo will be used in the index with effect 13/1/94. Deletion (13/1/94): Banco Lariano (Italy). Latest prices were unavailable for this edition. Markets closed 6/1/94 Austria, Finland, Italy, Spain and Sweden.

LONDON EQUITIES

LIFFE EQUITY OPTIONS

Option		Calls Jan	Apr	Jul	Puts Jan	Apr	Jul
Allied-Lyons	650	27½	49½	57½	7	21	35½
(*669)	700	5	25	33	36½	48	63½
Argyll	300	12	25	31½	6½	17	25½
(*305)	330	1½	12	18	28½	35	43
ASDA	60	4	6	11	2	5	7
(*62)	70	1	4	5	9	11½	13½
Brit Airways	460	26½	43	53	4½	16½	26½
(*481)	500	6½	23	33½	25½	36	47½
SmKl Bchm A	390	16½	32½	44	10½	23½	31½
(*395)	420	5	20½	31½	30	41	49
Boots	550	36	51	61	3	13½	22½
(*581)	600	5½	23	33½	24½	36½	47½
BP	360	18½	29½	37	4	13	18½
(*372)	390	4	15	22½	20½	28½	34
British Steel	120	9½	15	19½	2	6	9½
(*127)	130	4	9	14	6	11	14
Bass	550	41	58½	69½	2½	12½	19½
(*588)	600	12	28	41½	20½	33½	42
Cable & Wire	500	17½	35½	49½	10½	23	32½
(*505)	525	7	24	36½	25½	36½	46½
Courtaulds	500	35	51	58	3	13	24
(*532)	550	4	22	30	25	36	50
Comm Union	650	36	47	60	4	18½	25½
(*677)	700	8	21	34	28	47	52
ICI	750	51½	66	79½	3	25½	34
(*795)	800	15½	36½	53	19	51½	59½
Kingfisher	700	32½	54½	67½	9	23	33½
(*723)	750	6½	33	42½	33½	47	59½
Land Secur	750	27½	47	66	5	16½	29
(*770)	800	3½	21	29½	34½	42	56
Marks & S	420	34½	44½	49½	1½	7	13½
(*452)	460	7	20	26	14½	24	30½
NatWest	600	23½	37	50½	7½	27	35
(*614)	650	3½	15½	20½	40	59	65
Sainsbury	460	12	31½	40½	9½	22	31
(*463)	500	1½	14	23½	39	46	55½
Shell Trans.	700	47½	58	68	2	13½	20½
(*742)	750	10½	24	39	16	37	44
Storehouse	240	8	16½	23½	6½	12½	17½
(*248)	260	2	8½	14½	21	25	29½
Trafalgar	110	7	13½	18	5	11	15½
(*112)	120	3	8	14	11½	16½	21½
Unilever	1200	31	60	79	12½	41½	52½
(*1215)	1250	8	34	55½	41½	63½	81
Zeneca	850	29	50½	67	14	24	36
(*862)	900	8	27	45½	46	74½	85½
Option		Feb	May	Aug	Feb	May	Aug
Grand Met	460	29	38	47½	11½	18	25
(*483)	500	8½	19	28	34½	41½	46½
Ladbroke	180	22½	27½	32½	6	15	19½
(*194)	200	11	17	23	15½	26	30½
Utd Biscuits	360	34	38	44½	5	14	19½
(*385)	390	14	21	28½	17	29½	35½
Option		Mar	Jun	Sep	Mar	Jun	Sep
Fisons	140	17	25	31½	15	20	25
(*141)	160	9	17½	23	27½	33½	37
Option		Feb	May	Aug	Feb	May	Aug
Brit Aero	420	35	51	63½	14½	29	38
(*438)	460	16	31½	44½	37½	51½	60½
BAT Inds	550	29½	37½	46	13	28½	36
(*562)	600	7½	17	24	44½	60½	67½
BTR	330	32	36½	43	4	10½	14½
(*355)	360	12½	18½	26½	15	23	28
Brit Telecom	460	25	35	43	6½	12	19½
(*474)	500	8	14½	22½	23½	33½	40½
Cadbury Sch	493	54½	55	-	2½	10½	-
(*540)	542	18½	25½	-	16	31	-
Eastern Elec	650	27½	43	53	17½	25	38
(*664)	700	7	21	30	49½	54½	67½
Guinness	460	37½	48	55½	7	18½	24½
(*489)	500	14½	25½	34½	24	39½	46
GEC	300	32½	38½	42½	2	5½	9½
(*327)	330	11	18½	23½	11½	16½	23

Option		Calls Feb	May	Aug	Puts Feb	May	Aug
Hanson	260	21	24	27½	2½	6½	10
(*277)	280	8½	12½	16½	9½	15	19
Lasmo	120	14	23	25	7½	13	16½
(*127)	130	10½	17	24	13	17½	22½
Lucas Inds	200	14	19½	25½	7	13½	17
(*205)	220	5	11	16½	19½	25½	28½
P & O	600	45	55	68	12½	24	30½
(*628)	650	17	29	43	35½	50½	56½
Pilkington	180	9½	15	21	8½	14	17
(*180)	200	3	7½	12½	23	26½	29
Prudential	360	30½	34½	39	4	12	16
(*382)	390	12	17	24	16	27½	31½
RTZ	800	54	70	86	12	26½	34½
(*839)	850	24	42½	60½	34	50	59
Redland	600	32	46	50½	17½	38	45½
(*609)	650	11½	23	28½	48½	70	76
Royal Insce	317	31½	-	-	6½	-	-
(*342)	346	14	-	-	18	-	-
Scot & New	220	20	25	30½	5	12	14
(*234)	240	8½	14	20½	13½	22½	25
Vodafone	600	38½	60	76½	22	36½	50
(*614)	650	18	37½	54	51½	64½	76½
Williams	390	18	26½	33	11	22	26½
(*394)	420	6	13	20½	30	40½	44½
Option		Jan	Apr	Jul	Jan	Apr	Jul
BAA	1050	34	66	86	10½	30½	47
(*1070)	1100	9½	40½	59½	37	56	71
Thames Wtr	550	31	45½	54	3½	14½	27½
(*575)	600	4	18½	28	29½	37	55½
Option		Mar	Jun	Sep	Mar	Jun	Sep
Abbey Natl	460	42	49	57	12	18	25
(*490)	500	18	28	37	32	38	44½
Amstrad	40	7½	9	11½	3	4	5½
(*44)	45	4½	6½	8½	5	6½	8
Barclays	600	43	52½	64½	21	28	37½
(*618)	650	17½	28	41	49	55½	64½
Blue Circle	330	28½	34	43	13	23½	30½
(*341)	360	14	20½	29	30	41½	48
British Gas	330	35½	40½	44	4	9½	13
(*357)	360	15½	21	26	14½	23½	27
Dixons	240	19	25½	29½	14	18½	25½
(*244)	260	11	17	21	26	30	37½
Hillsdown	160	23	25	27	4	8½	11
(*175)	180	10½	13½	18½	11	20½	22
Lonrho	140	17	22	27½	7½	12	15½
(*149)	160	8	13	18½	9	24	27
Natl Power	460	37	47	54	12½	20½	27
(*480)	500	16	28½	34½	32½	41½	48
Scot Power	460	28½	38	47	16½	24	31½
(*469)	500	10	19½	26	42	47	54
Sears	120	11	15½	17½	4	7½	9½
(*125)	130	5½	9½	12½	9	14	15½
Forte	260	17½	23	28½	13	18½	24
(*263)	280	9	14	19½	25	32	36
Tarmac	193	16	22	-	12½	18	-
(*194)	200	13	18	24½	16	22	26
Thorn EMI	1050	48	71½	87	35½	48½	67½
(*1052)	1100	22	48½	63	65½	77	97
TSB	240	25	30	37½	8	15	17
(*253)	260	14½	19	25½	18½	23½	27½
Tomkins	260	16½	23	27½	13	16	21½
(*262)	280	8	14	19	25	28	33
Wellcome	650	68	82	101	22	37	45½
(*688)	700	40	58½	76	45	62½	70½
Option		Apr	Jul	Oct	Apr	Jul	Oct
Glaxo	650	52	71	84	36	51	65
(*663)	700	31	50	62	65	78½	94½
HSBC 75p shs	900	69	88½	102	47	63	72
(*920)	950	46½	65	79	76	90	98½
Reuters	1850	106	154	179	85	108	126
(*1864)	1900	81	128	153	112	133	150
Option		Feb	May	Aug	Feb	May	Aug
Rolls-Royce	156	19	-	-	3	-	-
(*170)	176	7½	-	-	12½	-	-

* Underlying security price. Premiums shown are based on closing offer prices.
January 7. Total contracts: 53,786 Calls: 33,993 Puts: 19,793

RISES AND FALLS YESTERDAY

	On Friday Rises	Falls	Same	On the week Rises	Falls	Same
British Funds	59	9	10	214	241	91
Other Fixed Interest	0	0	15	6	1	98
Mineral Extraction	68	59	82	516	273	683
General Manufactures	327	50	305	1,567	499	2,536
Consumer Goods	83	21	90	430	175	701
Services	233	52	242	1,212	404	2,010
Utilities	39	2	5	148	137	97
Financials	158	51	185	847	358	1,542
Investment Trusts	188	60	218	1,352	356	1,548
Others	72	33	35	277	215	219
Totals	1,227	337	1,187	6,569	2,659	9,505

Data based on those companies listed on the London Share Service.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1993/94 High	Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
100	F.P.	53.3	102	100	Aberforth Sp C	100½		-	-	-	-
100	F.P.	28.8	102	92	Abtrust Lloyds	98	+1	-	-	-	-
100	F.P.	32.0	107	96	CLM Insce	107		-	-	-	-
§155	F.P.	287.9	184	178	Chelsfield	184	+2	MN2.4	-	1.6	-
260	F.P.	333.8	320	288	DFS Furniture	320		L6.4	2.1	2.5	-
100	F.P.	63.7	100	98	Fairbairn Eur Sm	98		-	-	-	-
-	F.P.	33.1	112	101½	Finsbury Under'wrt	110½	+½	-	-	-	-
100	F.P.	46.2	116	100	For & Col Small C	115½	+1	-	-	-	-
60	P.P.	17.7	60	59	Friends Prov Eth	59		-	-	-	-
120	P.P.	36.6	123	122	Do. Units	122		-	-	-	-
60	P.P.	18.8	63	62	Do. Zero Div Pf	62¾	-¼	-	-	-	-
168	F.P.	405.0	208	166	Gartmore	201		W4.0	2.0	2.5	24.9
-	F.P.	34.5	119	105	Govett Emrg. C	115	-2	-	-	-	-
100	F.P.	56.0	113	102	Govett High Inc	112	+1	-	-	-	-
-	F.P.	0.73	5	3	‡Harmony Wrts.	4		-	-	-	-
100	F.P.	24.4	111	106	Inspirations	106		RN3.5	2.1	4.1	10.0
50	P.P.	10.3	53	50½	Kleinwort 2nd End	51½		-	-	-	-
190	F.P.	83.1	239	191	Litho Suppls.	239	+2	R6.5	2.0	3.4	18.4
320	F.P.	32.5	355	333	London Indl	355		uN7.0	1.2	2.5	23.4
100	F.P.	43.5	109	94½	Masthead Insce.	108		-	-	-	-
100	F.P.	585.0	117	96	Mercury Wrld Mng	117	+2	-	-	-	-
100	F.P.	27.5	111	100	Morgan Grenfell C	110	+1	-	-	-	-
100	F.P.	28.1	109	98	NM Smllr. Aust.	109	+3	-	-	-	-
-	F.P.	2.78	54	42	Do. Wrts.	54	+1	-	-	-	-
§140	F.P.	69.6	156	139	Nelson Hurst	154	-1	R5.6	1.8	4.5	15.4
100	F.P.	59.4	99	92	New London Cap	99		-	-	-	-
§78	F.P.	59.7	120	94	‡On Demand Info	117	-1	-	-	-	-
100	F.P.	16.0	104	100	Pilot Inv C	104		-	-	-	-
§40	F.P.	-	46	46	Rackwood	46		-	-	-	-
§10	F.P.	2.04	11½	10¼	Rossmont	11		-	-	-	-
60	F.P.	9.39	62	60	‡Securitised En.	62	+1	RN3.5	1.0	7.1	11.0

† Introduction. § Placing price. F.P. Fully-paid security. For an explanation of other notes, please refer to the Guide to the London Share Service.

RIGHTS OFFERS

Issue price p	Amount paid up	Latest Renun. date	1993/94 High	Low	Stock	Closing price p	+or-
48	Nil	17/2	12pm	8pm	Anglo Irish	12pm	+1
325	Nil	17/1	103pm	83pm	Benrose	103pm	+5
65	Nil	10/1	11pm	6pm	Bourne End	6pm	
36	Nil	10/1	4pm	2pm	Hiclare	2½pm	
25	Nil	8/2	8pm	6pm	Sheldon Jones	8pm	
152	Nil	14/1	23pm	11pm	Wyevale Garden	19pm	

pm Price at a premium.

FINANCIAL TIMES EQUITY INDICES

	Jan 7	Jan 6	Jan 5	Jan 4	Dec 31	Yr ago	*High	*Low
Ordinary share	2617.4	2580.5	2548.2	2552.0	2559.5	2176.8	2617.4	2124.7
Ord. div. yield	3.56	3.62	3.67	3.65	3.64	4.32	4.52	3.56
Earn. yld. % full	4.04	4.09	4.15	4.13	4.12	5.93	6.38	4.04
P/E ratio net	31.27	30.82	30.39	30.52	30.66	21.49	31.27	19.40
P/E ratio nil	28.99	28.57	28.17	28.29	28.42	19.86	28.99	18.14
Gold Mines	268.9	271.7	275.9	277.9	257.7	61.9	277.9	60.0

*For 1993/94. Ordinary share index since compilation: high 2617.4 07/01/94, low 49.4 26/6/40
Predecessor Gold Mines index since compilation high: 734.7 15/2/83 - low 43.5 26/10/71
Ordinary share base date 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2580.9	2592.5	2580.4	2583.6	2593.2	2598.1	2607.3	2610.9	2615.7	2617.4	2578.9

	Jan 7	Jan 6	Jan 5	Jan 4	Dec 31	Yr ago
SEAQ bargains	41,496	38,415	38,010*	43,878	20,171	31,825
Equity turnover (£m)†	-	2017.4	1852.1	1476.1	568.1	1492.3
Equity bargains†	-	43,981	42,676	46,672	21,838	35,479
Shares traded (ml)†	-	899.7	1004.4	702.1	255.0	880.2

† Excluding intra-market business and overseas turnover.

TRADITIONAL OPTIONS

First Dealings	Dec. 20	Last Declarations	March 24
Last Dealings	Jan. 7	For settlement	April 5

Calls ACT, ASDA, Baldwin, Carlisle, Greycoat, Hazlewood Foods, Middlesex Group, Monarch Res., Palon, Titaghur. Puts: Palon, Signet, Tiphook Puts & Calls: Arcon Intl, Donelon Tyson

GUIDE TO NEW UK SHARE CLASSIFICATION

Companies in FT's London share service, showing new sector in which each share

A

AAF Inds 7 1/2p	Engineering, Vehicles
AAH*	Health Care
ABI Leisure 10p	Distributors
ABN Amro FB	Banks
ACT Group 10p*	Support Services
ADT 10c	Support Services
AFMIN Hldgs	Extractive Industries
AGA SK25	Chemicals
AG Holdings	Printing, Paper & Packaging
AIM 10p	Engineering
AMEC 50p*	Building & Construction
AMEC 6.5p Cum. Cnv. Prf	Building & Construction
ANZ $A1	Banks
API Group*	Printing, Paper & Packaging
APV 10p*	Engineering
ASEA B SK50	Electronic & Electrical Equipment
ASW Hldgs.*	Engineering
Abacus	Electronic & Electrical Equipment
Abbey	Building & Construction
Abbey National 10p*	Banks
Abbey Panels	Engineering, Vehicles
Abbeycrest 10p	Textiles & Apparel
Abbott Laboratories	Americans
Abbott Mead Vickers 5p*	Media
Aberdeen Steak Houses 5p	Leisure & Hotels
Aberdeen Trust 10p*	Other Financial

Bailey (Ben) 10p	Building &
Bailey (C. H.)	Other Services
Baillie Gifford Japan*	Inv
Baillie Gifford Shin Nippon 10p	Inv
Baillie Gifford Technology 1p	Inv
Baird (Wm.) 50p*	Tex
Bakyrchik Gold	Extrac
Baldwin 10p	Le
Ball (AH) 5p	Building &
Baltic 5p	O
Baltic 7pc Cnv. Red Prf	O
Bancaire Cie. FFr100	O
Banco Bilbao Vizcaya Pta500	
Banco Santander Pta750	
Bank Ireland Ir£1	
Bank Leumi (U.K.)	
Bank of Montreal	
Bank of Nova Scotia	
Bank of Scotland*	
Bank of Scotland 9 1/4pc Irred Prf	
Bank of Scotland 9 3/4pc Pf	
BankAmerica $1 9/16	
Bankers Inv.*	Inv
Bankers Trust N.Y. $1	
Banks (Sidney C.)	Food
Banner Homes 10p	Building &
Barbour Index*	

First Spanish Warrants 1997	Investment Trusts
First Spanish Cv Ln 1997 25p	Investment Trusts
First Technology 10p*	Engineering, Vehicles
Firth (G M) 10p	Engineering
Fisher (J)	Transport
Fisons*	Pharmaceuticals
Fitch 10p	Media
Fitzwilton	Retailers, Food
Five Arrows Chile Fd	Investment Companies
Five Oaks Invs 5p	Property
Flagstone 1p	Property
Fleming American*	Investment Trusts

GUIDE TO NEW UK SHARE CLASSIFICATION

Companies in FT's London share service, showing new sector in which each falls

K

Kajima Corp. Y50	Building & Construction
Kakuei K5/-	Food Manufacturers
Kalamazoo 10p	Support Services
Kalon Group 15p*	Chemicals
Kalis Minerals Ir5p	Extractive Industries
Kelsey Inds	Engineering
Kelt Energy 10p	Oil Exploration & Production
Kembrey 5p	Electronic & Electrical Equipment
Kenmare	Extractive Industries
Kenwood Appliances*	Electronic & Electrical Equipment
Kerry Group A IR10p	Food Manufacturers
Kershaw (A.) 5p	Electronic & Electrical Equipment
Kewill Systems	Support Services
Keystone Inv. 50p*	Investment Trusts
Kidston Gold Mines 20cts	Extractive Industries
King & Shaxson 20p	Other Financial
Kingfisher*	Retailers, General
Kingspan Group Ir10p	Building Materials & Merchants
Kinross R1	Extractive Industries
Kirin Brewery Y50	Breweries
Kitty Little 5p	Household Goods
Klearfold Inc $0.01	Printing, Paper & Packaging
Kleeneze Hldgs	Retailers, General
Kleinwort Benson Grp.*	Merchant Banks
Kleinwort Charter*	Investment Trusts
Kleinwort Development Fund	Investment Trusts
Kleinwort Emerg Markets	Investment Trusts
Kleinwort Emerg Mkts Wrts	Investment Trusts
Kleinwort Endowment Policy Tst*	Investment Trusts
Kleinwort High Income 5p	Investment Trusts
Kleinwort High Income Zero Div Prf	Investment Trusts
Kleinwort O'seas Tst*	Investment Trusts
Kleinwort Smaller Cos	Investment Trusts
Kloof Gold 25c	Extractive Industries
Kobe Steel	Engineering
Kode Int	Electronic & Electrical Equipment
Korea China Super Fd	Investment Trusts
Korea-Europe Fd. 10c	Investment Companies
Korea Liberalisation Fd. 1c	Investment Companies
Korea Liberalisation Warrants	Investment Companies
Kuala Lumpur Kepong Bhd. M$1	Other Services & Businesses
Kunick 10p	Leisure & Hotels
Kunick 8 1/4p Prf	Leisure & Hotels
Kvaerner B	Diversified Industrials
Kwik-Fit Hldgs. 10p*	Distributors
Kwik Save 10p*	Retailers, Food
Kymmene FM20	Printing, Paper & Packaging
Kynoch	Health Care

L

LGW 5p	Textiles & Apparel
LIT Hldgs 1/2p	Other Financial
LPA Industries 10p	Electronic & Electrical Equipment
LWT (Hldgs)*	Media
Ladbroke 10p*	Leisure & Hotels
Lafarge-Coppee FFr25	Building Materials & Merchants
Laing (John)*	Building & Construction
Laing (John) A N/Vtg*	Building & Construction
Laing (John) 6.4pc Cv Pf	Building & Construction
Laird Group*	Engineering, Vehicles
Lambert Howarth 20p	Textiles & Apparel
Lamont Hldgs. 10p*	Textiles & Apparel
Land Securities £1*	Property
Land Securities 10pc Deb 2027	Property
Land Securities 10pc 2025	Property
Land Securities 10pc Deb. 2030	Property
Laporte*	Chemicals
Laser-Scan 5p	Support Services
Lasmo*	Oil Exploration & Production
Lasmo "Ops" 10p	Oil Exploration & Production
Lasmo 9 5/8 pc Cum Prf. £1	Oil Exploration & Production
Latham (J.) £1	Building Materials & Merchants
Latin American Inv. Tst	Investment Companies
Latin American Warrants	Investment Companies
Latin American Extra Yield	Investment Companies
Law Debenture*	Investment Trusts
Lawson Mardon Grp. Ltd	Printing, Paper & Packaging
Lazard High Inc	Investment Trusts
Le Creuset FF0.35	Household Goods
Learmonth & Burchett*	Support Services
Lec Refrigeration	Electronic & Electrical Equipment
Leeds Group*	Textiles & Apparel
Legal & General*	Life Assurance
Leigh Interests 5p*	Other Services & Businesses
Leigh Interests 5pc Cv Pf	Other Services & Businesses
Lend Lease 50c	Property
Lendu Hldgs. 5p	Other Services & Businesses
Lep Group 2p	Support Services
Leslie 85c	Extractive Industries
Leslie Wise 20p	Textiles & Apparel
Letinvest 11 1/4pc Step Int 1st Mtg Db 2012	Property
Leveraged Opportunity Tst	Investment Trusts
Lex Service*	Distributors
Liberty*	Retailers, General
Liberty Non-Vtg	Retailers, General
Liberty Life Assoc. of Africa	Life Assurance
Life Sciences Intl.*	Health Care
Lilleshall 10p*	Building Materials & Merchants
Lilleshall 9pc (Net) Cv Prf	Building Materials & Merchants
Lilliput	Household Goods
Lilly (Eli)	Pharmaceuticals
Lincat Group 10p	Engineering
Lincoln House	Household Goods
Lincoln National Corp	Life Assurance
Linread	Engineering
Linton Park 50p*	Food Manufacturers
Linx Printing Techs	Engineering
Lionheart 5p	Household Goods
Lister	Textiles & Apparel
Lloyds £1*	Banks
Lloyds Abbey Life 5p	Life Assurance
Lloyds Chemists*	Retailers, General
Lloyds Chemists 7.5p Cum Prf. 5p	Retailers, General
Lloyds Smlr Cos Capital	Investment Trusts
Lloyds Smlr Cos Dividend	Investment Trusts
Lloyds Smlr Cos Package Units	Investment Trusts
Lloyd Thompson 5p*	Insurance
Locker (T) 5p	Engineering
Locker (T) A 5p	Engineering
Lockheed Crpn. $1	Americans
Logica 10p*	Support Services
London & Assoc Inv. 10p	Property
London & Clydeside	Building & Construction
London & Manchester*	Life Assurance
London & Metropolitan 5p	Property
London & Overseas Freighters	Transport
London & Strathclyde	Investment Trusts
London Amer Growth Tst*	Investment Trusts
London Amer Growth Wrnts	Investment Trusts
London Atlantic*	Investment Trusts
London Electricity*	Electricity
London Finance & Invs	Other Financial
London Forfaiting*	Other Financial
London Insce Mkt*	Insurance
London Intnl 10p*	Health Care
London Merchant*	Property
London Merchant Secs Defd.*	Property
London Merchant Secs. 7 3/4pc Cv. Ln. 2000-05	Property
London Scottish Bank 10p*	Other Financial
London Securities	Property
Lonrho*	Diversified Industrials
Lookers*	Distributors
Lookers 8pc Cv Cm Rd Pf %1	Distributors
Lopex 5p	Media
Loraine R1	Extractive Industries
Lovell (Y.J.)	Building & Construction
Low & Bonar 50p*	Printing, Paper & Packaging
Low (Wm.) 20p*	Retailers, Food
Lowe (Robert H.)	Textiles & Apparel
Lowe's 50c	Americans
Lowland Inv*	Investment Trusts
Lowndes Lambert 5p*	Insurance
Lucas Inds.*	Engineering, Vehicles
Lucas Inds Warrants	Engineering, Vehicles
Lydenburg 12 1/2 c	Investment Companies
Lyles (S.) 20p	Textiles & Apparel
Lynx Holdings 5p	Support Services

M

M & G Dual Inc. 10p	Investment Trusts
M & G Dual Cap 10p	Investment Trusts
M & G Group*	Other Financial
M & G Income Geared Units	Investment Trusts
M & G Income Inv Tst Inc 1p	Investment Trusts
M & G Income Inv Tst Cap 1p	Investment Trusts
M & G Income Package Units	Investment Trusts
M & G Income Zero Div Prf. 1p	Investment Trusts
M & G Recovery Inc	Investment Trusts
M & G Recovery Cap	Investment Trusts
M & G Recovery Geared Units	Investment Trusts
M & G Recovery Package Units	Investment Trusts
M & G Recovery Zero Div prf	Investment Trusts
M & G 2nd Dual Inc	Investment Trusts
M & G 2nd Dual Cap	Investment Trusts
M & W 10p	Retailers, Food
MAI 5p*	Other Financial
MEPC*	Property
MFI Furniture*	Retailers, General
MIM Hldgs. 50c	Extractive Industries
MITIE Group 50p*	Support Services
ML Holdings 5p*	Engineering
ML Laboratories 1p*	Health Care
MMI 1p	Media
MMI Warrants	Media
MMT Computing 5p	Support Services
MR Data Management*	Support Services
MS Internl 10p	Engineering
MTL Instruments 10p*	Electronic & Electrical Equipment
MTM 5p	Chemicals
MY Hldgs. 10p	Printing, Paper & Packaging
Macallan-Glenlivet*	Spirits, Wines & Ciders
Macdonald Martin A	Spirits, Wines & Ciders
Macfarlane Group (Clansman)*	Printing, Paper & Packaging
Macro 4*	Support Services
Magellan 20p*	Textiles & Apparel
Magnolia Group 10p	Leisure & Hotels
Majedie Invs. 10p*	Investment Trusts
Malacca Fund Participating 1c	Investment Companies
Malaya Group 10p	Distributors
Malaysia Mining 10c	Extractive Industries
Mallett 5p	Retailers, General
Malvern UK Index Tst*	Investment Trusts
Malvy Technology	Americans
Manakin 10p	Investment Trusts
Manchester United 10p*	Leisure & Hotels
Mandarin Oriental Intl. Ltd	Leisure & Hotels
Manders*	Chemicals
Manganese Bronze	Engineering
Manpower Inc. 1c	Support Services
Mansfield Brewery*	Breweries
Manweb*	Electricity
Markheath	Property
Marks & Spencer*	Retailers, General
Marley*	Building Materials & Merchants
Marling Inds 5p*	Textiles & Apparel
Marsh & McLennan $1	Insurance
Marshalls*	Building Materials & Merchants
Marshalls 8 1/2pc Cnv Pf.	Building Materials & Merchants
Marston Thompson*	Breweries
Martin Currie European 50p	Investment Trusts
Martin Currie European Warrants	Investment Trusts
Martin Currie Pac. 50p*	Investment Trusts
Martin Currie Pac Warrants	Investment Trusts
Martin Intl 20p	Textiles & Apparel
Masthead	Insurance
Matthew Clark*	Spirits, Wines & Ciders
Matthews (B)*	Food Manufacturers
Maunders (John) 20p*	Building & Construction
Mauritius Fund	Investment Trusts
Mayborn Group*	Household Goods
Mayflower Crp. 5p*	Engineering, Vehicles
Mayne Nickless A$0.50	Transport
McAlpine (Alfred)*	Building & Construction
McCarthy & Stone 20p	Building & Construction
McInerney A 10p	Property
McKay Secs 20p	Property
McKechnie*	Engineering
McLeod Russel*	Chemicals
Medeva 10p*	Pharmaceuticals
Mediterranean Fund	Investment Companies
Mediterranean Fd Warrants	Investment Companies
Meekatharra 25c	Extractive Industries
Meggitt 5p*	Engineering
Melville Group 1p	Building & Construction
Melville Street Invs	Investment Trusts
Melville Street Warrants	Investment Trusts
Menvier-Swain 5p*	Electronic & Electrical Equipment
Menzies (J.)*	Retailers, General
Merchant Retail Grp 10p	Retailers, Food
Merchants Trust*	Investment Trusts
Mercury Asset Mgmt 5p	Other Financial
Merivale Moore 5p	Property
Merlin Intl Green	Investment Trusts
Merlin Intl Green Units	Investment Trusts
Merlin Intl Green Wrnts	Investment Trusts
Merlin Intl Green Zero Pf	Investment Trusts
Merlin Intl Props	Property
Merrill Lynch $1	Americans
Merrydown*	Spirits, Wines & Ciders
Mersey Docks & Harbour*	Transport
Metal Bulletin 10p*	Media
Metalrax 5p*	Engineering
Metro Radio Group 5p	Media
Metrotect Inds	Chemicals
Metsec 10p	Engineering
Mexico Fund	Investment Companies
Meyer Intl.*	Building Materials & Merchants
Mezzanine Cap & Inc Tst	Investment Trusts
Mezzanine Cap 50p	Investment Trusts
Micklegate Group 1p	Property
Micro Focus 10p*	Support Services
Microgen Hldgs. 5p*	Support Services
Microvitec 5p	Electronic & Electrical Equipment
Mid Kent Hldgs*	Water
Mid Wynd Inv. Tst	Investment Trusts
Mid-States 10p*	Engineering, Vehicles
Middle Witwatersrand 1c	Extractive Industries
Middlesex Hldgs 0.25p	Distributors
Midland & Scottish Res	Oil Exploration & Production
Midlands Elect.*	Electricity
Milagro Minerals	Extractive Industries
Millgate 5p	Electronic & Electrical Equipment
Millwall	Leisure & Hotels
Minmet	Extractive Industries
Minorco $1.40	Extractive Industries
Mirror Group Newspapers*	Media
Misys 5p*	Support Services
Mitsubishi Bank Y50	Banks
Mitsubishi Corp Y50	Diversified Industrials
Mitsubishi Electric Y50	Electronic & Electrical Equipment
Mitsubishi Trust & Banking	Banks
Mitsui M EDR	Diversified Industrials
Mitsui Trust & Banking	Banks
Mobil Corp. $2	Oil, Integrated
Molins*	Engineering
Molopo Australia 20c	Extractive Industries
Molyneux Ests	Property
Molynx 20p	Electronic & Electrical Equipment
Monarch Res. 10p	Extractive Industries
Monks Invest*	Investment Trusts
Montague Gold	Extractive Industries
Monument Oil*	Oil Exploration & Production
Moorfield Estates 10p	Property
Moorgate Inv. Tst.*	Investment Trusts
Moorgate Inv. Wrnts	Investment Trusts
Moorgate Smaller Co's Inc Tst*	Investment Trusts
Moorgate Smaller Warrants	Investment Trusts
Moran 10p	Food Manufacturers
More O'Ferrall 10p*	Media
Morgan (JP) $2.5	Americans
Morgan Crucible*	Engineering
Morgan Crucible 7.5pc Cv Prf	Engineering
Morgan Grenfell Equity Income*	Investment Trusts
Morgan Grenfell Equity Warrant	Investment Trusts
Morland*	Breweries
Morris (Philip)	Americans
Morris Ashby	Engineering
Morrison (Wm) Supermarkets 10p*	Retailers, Food
Morrison (Wm) 5 1/4 pc. Rd. Prf	Retailers, Food
Mosaic Investments 10p	Printing, Paper & Packaging
Moss Bros Grp 5p*	Retailers, General
Motor World*	Engineering, Vehicles
Motorola $3	Electronic & Electrical Equipment
Mount Burgess	Extractive Industries
Mount Martin Gold	Extractive Industries
Mountview Ests. 5p	Property
Mowlem (J)*	Building & Construction
Mucklow (A & J)*	Property
Multitrust	Investment Trusts
Murray Enterprise	Investment Trusts
Murray Enterprise Zero Cv 1994	Investment Trusts
Murray European I.T. 10p	Investment Trusts
Murray European Wrnts	Investment Trusts
Murray Income Tst*	Investment Trusts
Murray Inc Tst. B	Investment Trusts
Murray Intl.*	Investment Trusts
Murray Intl B	Investment Trusts
Murray Smlr Markets*	Investment Trusts
Murray Smlr Mkts B	Investment Trusts
Murray Split Capital Inc	Investment Trusts
Murray Split Capital Cap	Investment Trusts
Murray Split Capital Units	Investment Trusts
Murray Split Capital Zero Div Prf	Investment Trusts
Murray Ventures*	Investment Trusts

N

NB Smaller Co's. Tst.*	Investment Trusts
NEC Corp Y50	Electronic & Electrical Equipment
NFC Var Vtg 5p*	Transport
NK Properties	South Africans
NMC Grp 12 1/2 p*	Printing, Paper & Packaging
NMC 7.75pc Accum. Red. Prf	Printing, Paper & Packaging
NSM	Extractive Industries
NYNEX $1	Americans
National Australia Bank $A1	Banks
National Express*	Transport
National Home Loans 15p	Other Financial
Natl Home Ln 7 1/2pc Prf	Other Financial
National Power*	Electricity
National Westminster Bank*	Banks
Navan Resources	Extractive Industries
Navan Res 5pc Cv Ln Notes	Extractive Industries
Needler Group	Building Materials & Merchants
Neepsend	Engineering
Neotronics Technology 5p*	Engineering
Nesco Invs	Support Services
Nestle (Reg) SwFr10	Food Manufacturers
Nestor-BNA 10p*	Health Care
New City & Commercial Inv Tst	Investment Trusts
New City & Comm Warrants	Investment Trusts
New City & Comm R.P.I. Deb 2006	Investment Trusts
New London 5p	Oil Exploration & Production
New Throg. Cap	Investment Trusts
New Throgmorton Inc (1983)	Investment Trusts
New Wits 25c	Extractive Industries
New Zealand Inv. Tst	Investment Trusts
Newman-Tonks*	Building Materials & Merchants
Newmark (Louis)	Engineering
Newmarket Venture Cap. 5p	Investment Trusts
News Corp	Media
News Intl. Special Div	Media
Next 10p*	Retailers, General
Nichols (Vimto)*	Food Manufacturers
Niugini Mining	Extractive Industries
Nobo Group 10p	Other Services & Businesses
Nokia Corp Pref FM20	Electronic & Electrical Equipment
Norbain 5p	Distributors
Norcros*	Building Materials & Merchants
Norex 10p	Transport
Norish	Transport
Normandy Poseidon	Extractive Industries
Norsk Hydro NK20	Oil, Integrated
North American Gas Inv*	Other Financial
North Amer Gas Warrants	Other Financial
North Atlantic Smllr Co's*	Investment Trusts
North Atlantic Smllr Co's Ln 2013	Investment Trusts
North Broken Hill Peko 50c	Extractive Industries
North Sea Assets 5p	Oil Exploration & Production
North West Water*	Water
Northam Platinum	Extractive Industries
Northamber 5p	Distributors
Northern Elec*	Electricity
Northern Foods*	Food Manufacturers
Northern Investors	Investment Trusts
Northern Ireland	Electricity
Northern Leisure	Leisure & Hotels
Northumbrian Foods 5p	Food Manufacturers
Northumbrian Water*	Water
Norweb*	Electricity
Nova Corp of Alberta	Canadians
Novo Group	Support Services
Novo Nordisk 'B' Kr 20	Pharmaceuticals
Nu-Swift 5p	Support Services
Nurdin & Peacock 10p*	Retailers, Food

O

O.F.S. Invs. 1c	Extractive Industries
OGC	Oil Exploration & Production
OIS Intl. Inspection	Support Services
OK Bazaars	Retailers, General
OMI Intl. 5p	Engineering
Occidental Petroleum 20c	Oil, Integrated
Ocean Group*	Transport
Ocean Wilsons 20p	Transport
Oceana Cons	Other Financial
Oceonics 2 1/2p	Oil Exploration & Production
Office & Elect	Retailers, General
Ohio Resources	Oil Exploration & Production
Olim Conv. Tst	Investment Trusts
Olim Zero Cpn Prf	Investment Trusts
Oliver Group	Retailers, General
Olives Prop 20p	Property
Optometrics	Engineering
Oriel Group	Insurance
Oriental Smaller Co's 1c	Investment Companies
Oriental Smlr Wts	Investment Companies
Oriflame Intl SA NPV	Household Goods
Orion Res	Extractive Industries
Oryx Gold Hldgs NPV	Extractive Industries
Osborne & Little 5p	Household Goods
Osprey Comms	Media
Ossory Estates	Property
Ottomane Bank	Banks
Overseas Inv. Tst*	Investment Trusts
Overseas Inv. Tst. Wrnts	Investment Trusts
Ovoca Resources	Extractive Industries
Owen & Robinson 20p	Retailers, General
Owners Abroad 3p*	Leisure & Hotels
Owners Abroad 9.75p Prf	Leisure & Hotels
Oxford Instruments 5p*	Engineering

P

P & O Defd £1*	Transport
P & O 5 1/2pc. Rd Non-Cum Pfd	Transport
P & O 8 3/4pc Cnv. Red. Prf	Transport
P & P 10p*	Support Services
P-E International 10p	Support Services
PCT Grp 10p	Distributors
PEX Group	Textiles & Apparel
PSIT 50p*	Property
PWS Holdings 10p	Insurance
Pacer Systems $0.01	Electronic & Electrical Equipment
Pacific Assets Tst. 50p*	Investment Trusts
Pacific Assets Wrnts	Investment Trusts
Pacific Dunlop	Diversified Industrials
Pacific Horizon Inv. Tst. 10p	Investment Trusts
Pacific Horizon Warrants	Investment Trusts
Page (Michael) Grp*	Support Services
Pall Corp. 25c	Americans
Palmerston Hldgs	Property
Pan Pacific Petroleum	Oil Exploration & Production
Pancontinental Mines	Extractive Industries
Pantheon Intl Participations	Investment Trusts
Parambe 10p	Other Financial
Paramount Group 2 1/2p	Breweries
Paribas French Inv. Tst.*	Investment Trusts
Park Food 2p*	Retailers, Food
Parkdean Leisure	Leisure & Hotels
Parkland Group	Textiles & Apparel
Partridge Fine Arts 10p	Retailers, General
Pasminco	Extractive Industries
Paterson Zochonis 10p*	Household Goods
Paterson Zochonis A N/V*	Household Goods
Pearson*	Media
Peek 9p*	Electronic & Electrical Equipment
Peel Hldgs*	Property
Pegasus Group 5p	Support Services
Pelican Group 20p	Leisure & Hotels
Pendragon*	Distributors
Penna 5p	Support Services
Pennzoil 83 1/3 c	Americans
Pentland Group*	Textiles & Apparel
Pentos 10p*	Retailers, General
Peritya Mines	Extractive Industries
Perkins Foods*	Food Manufacturers
Perpetual	Other Financial
Perpetual Japanese Inv	Investment Trusts
Perpetual Japanese Warrants	Investment Trusts
Perry Group*	Distributors
Persimmon 10p*	Building & Construction
Personal Assets	Investment Trusts
Perstorp B Free SK10	Chemicals
Petaling $M1	Extractive Industries
Petrofina	Oil, Integrated
Philips Electronics F10	Electronic & Electrical Equipment
Philips Finance 5 3/4pc	Electronic & Electrical Equipment
Phoenix Timber	Building Materials & Merchants
Phonelink*	Media
Photo-Me 21/2p*	Other Services & Businesses
Pict Petroleum 5p*	Oil Exploration & Production
Pifco Hldgs. 10p	Electronic & Electrical Equipment
Pifco Hldgs. A 10p*	Electronic & Electrical Equipment
Pilkington 50p*	Building Materials & Merchants
Pilkington Warrants	Building Materials & Merchants
Pilot Inv Trust	Investment Trusts
Pilot Inv Warrants	Investment Trusts
Pittards	Textiles & Apparel
Pittencrieff 10p*	Oil Exploration & Production
PizzaExpress 10p*	Leisure & Hotels
Placer Pacific 30c	Extractive Industries
Plantsbrook 10p*	Other Services & Businesses
Platignum 5p	Other Services & Businesses
Plysu*	Printing, Paper & Packaging
Pochins	Building & Construction
Pokphand (C.P.)	Food Manufacturers
Polar 10p	Distributors
Policy Portfolio	Other Financial
Polypipe 10p*	Building Materials & Merchants
Portals Group*	Printing, Paper & Packaging
Porter Chadburn 5p	Diversified Industrials
Porth Group 20p	Other Services & Businesses
Portman	Extractive Industries
Portmeirion Potteries 5p*	Household Goods
Portsmouth & Sunderland*	Media
Portugal Fd. Ptg. Red. Prf. 1c	Investment Companies
Porvair 2p*	Chemicals
PosGold	Extractive Industries
Powell Duffryn 50p*	Diversified Industrials
Power Corp. Ir10p	Property
PowerGen*	Electricity
Powerscreen Intl 10p*	Engineering
Precious Metals Australia	Extractive Industries
Premier Cons. 5p*	Oil Exploration & Production
Premier Health	Health Care
Premier Land 5p	Extractive Industries
Premium Trust 10p	Insurance
Premium Underwriting 10p	Insurance
Presidio Oil A	Oil Exploration & Production
Pressac 5p	Electronic & Electrical Equipment
Prestwick 5p	Electronic & Electrical Equipment
Prestwick 7 1/4pc Prf	Electronic & Electrical Equipment
Primadona	Investment Trusts
Prime People	Support Services
Princedale 20p	Media
Prior 1p	Property
Prism Leisure Corp	Leisure & Hotels
Process Systems	Engineering
Property Partnership	Property
Property Trust	Property
Prospect Inds. 5p	Engineering
Protean*	Engineering
Proteus International*	Pharmaceuticals
Proudfoot*	Support Services
Provident Financial*	Other Financial
Prowting 20p	Building & Construction
Prudential 5p*	Life Assurance
Psion 5p	Electronic & Electrical Equipment

Q

QS Holdings 10p*	Retailers, General
Quadramatic	Engineering
Quadrant Group 10p	Leisure & Hotels
Quaker Oats $5	Americans
Quality Care Homes*	Health Care
Quality Software Prods*	Support Services
Quarto Group	Media
Quarto 8 3/4pc Pf	Media
Quayle Munro	Other Financial
Queens Moat Houses 5p	Leisure & Hotels
Queens Moat Houses 7 1/2pc Cn Prf	Leisure & Hotels
Queens Moat Houses 7pc Cv Prf	Leisure & Hotels
Questex	Americans
Quicks Group 10p*	Distributors
Quiligotti 0.05p	Building Materials & Merchants

R

RCO 10p*	Support Services
REA Hldgs	Distributors
RIT Capital 100p*	Investment Trusts
RIT Capital 2.5pc Cnv. 2000	Investment Trusts
RJB*	Extractive Industries
RMC*	Building Materials & Merchants
RPC*	Printing, Paper & Packaging
RPS Group 3p	Property
RTZ 10p*	Extractive Industries
Racal Electronics*	Electronic & Electrical Equipment
Radamec	Electronic & Electrical Equipment
Radiant Metal	Engineering
Radio Clyde	Media
Radiotrust	Investment Trusts
Radius 5p	Support Services
Raglan Prop	Property
Raglan Warrants	Property
Raine 10p*	Building & Construction
Ramco Oil 10p	Oil Exploration & Production
Ramsden's (Harry)	Leisure & Hotels
Ramus	Building Materials & Merchants
Rand Mines R1	Extractive Industries
Randex 25c	Extractive Industries
Randfontein Estates 20c	Extractive Industries
Ranger Oil	Oil Exploration & Production
Rank Organisation*	Leisure & Hotels
Rank Org. 8 1/4p (Net) Cv Prf 20p	Leisure & Hotels
Ransom (Wm.) 10p	Pharmaceuticals
Ransomes	Engineering
Ransomes 8.25p Prf	Engineering
Rathbone Bros. 5p*	Other Financial
Rea Bros. Group	Merchant Banks
Readicut 5p*	Textiles & Apparel
Real Time Control 5p	Support Services
Reckitt & Colman 10p*	Household Goods
Reckitt & Colman 9.5pc Cv. Cap. Bond	Household Goods
Record Hldgs. 5p	Engineering
Redaurum Red Lake	Extractive Industries
Redland*	Building Materials & Merchants
Reece 5p	Distributors
Reed Executive 2p*	Support Services
Reed International*	Media
Reflex Ir5p	Support Services
Refuge 5p*	Life Assurance
Regal Hotel Group 0.25p	Leisure & Hotels
Rogalian	Property
Regent A	Printing, Paper & Packaging
Regent Inns	Breweries
Regina 2p	Retailers, Food
Reject Shop 5p	Retailers, General
Reliance Security Grp 5p	Support Services
Relyon*	Household Goods
Renishaw 20p*	Engineering
Renison 50c	Extractive Industries
Renold*	Engineering
Rentokil 2p*	Support Services
Repola Ltd FM10	Printing, Paper & Packaging
Rep NY Corpn $5	Americans
Resolute Resources	Extractive Industries
Resort Hotels 50p	Leisure & Hotels
Reuters 10p*	Media
Rexmore	Textiles & Apparel
Rhino Group 2 1/2p	Retailers, General
Ricardo*	Support Services
Richards 10p	Textiles & Apparel
Richards Group 10p	Engineering
Richardson Westgarth 10p	Engineering
Richmond Oil & Gas 10p	Oil Exploration & Production
Rights & Issues Inc	Investment Trusts
Rights & Issues Cap	Investment Trusts
Rio Algom Ltd	Canadians
Riva Group 10p	Electronic & Electrical Equipment
River & Merc Amer Inc	Investment Trusts
River & Merc Amer Cap Tst. 10p	Investment Trusts
River & Merc Amer Wrnts	Investment Trusts
River & Merc Extra Inc 1p	Investment Trusts
River & Merc Extra Inc. Warrants	Investment Trusts
River & Merc Extra Zero Div Pf	Investment Trusts
River & Merc Grd Inc 50p	Investment Trusts
River & Merc Grd Prf 5p	Investment Trusts
River & Merc Trust Income 12 1/2p	Investment Trusts
River & Merc Cap 12 1/2p	Investment Trusts
River & Merc Warrants 12 1/2p	Investment Trusts
River & Merc Tst Stppd Prf	Investment Trusts
River & Merc Smaller Co*	Investment Trusts
River & Merc Smaller Warrants	Investment Trusts
River Plate Inc	Investment Trusts
River Plate Cap	Investment Trusts
River Plate Warrants	Investment Trusts
River Plate Zero Div Prf	Investment Trusts
Robeco NV	Investment Companies
Robeco Sub. Shares FL1	Investment Companies
Rockwell Intl. $1	Americans
Rodime 5p	Other Services & Businesses
Rotfe & Nolan 10p	Support Services
Rolinco N.V.	Investment Companies
Rolinco Sub. Shares FL1	Investment Companies
Rolls-Royce 20p*	Engineering
Ropner	Diversified Industrials
Ropner A	Diversified Industrials
Rosebys	Retailers, General
Roskel 10p	Building Materials & Merchants
Ross Group 5p*	Distributors
Rothmans Intl Uts	Tobacco
Rotork 10p*	Engineering
Rowe Evans Inv. 10p	Other Services & Businesses
Rowlinson 10p	Property
Roxboro	Electronic & Electrical Equipment
Roxspur 5p	Building Materials & Merchants
Royal Bank Canada	Canadians
Royal Bank of Scotland*	Banks
Royal Doulton £1	Household Goods
Royal Dutch R5	Oil, Integrated
Royal Insurance*	Insurance
Ruberoid	Building Materials & Merchants
Rubicon 10p	Engineering
Rugby Group*	Building Materials & Merchants
Russell (A.) 10p	Building Materials & Merchants
Rustenburg Platinum Hldgs. 10c	Extractive Industries
Rutland Trust 1p*	Other Financial
Ryan Hotels Ir 5p	Leisure & Hotels

S

S & U 12 1/2 p*	Other Financial
S & U 31 1/2pc Cm. Prf. 12 1/2p	Other Financial
SA Brews 20c	South Africans
SASOL	South Africans
SCA B Free SK10	Printing, Paper & Packaging
SEET 20p	Textiles & Apparel
SEP Indl. Hldgs. 5p	Distributors
SHIRESCOT	Investment Trusts
SKF SK12.5	Engineering
SPLIT Inc. 10p	Investment Trusts
SPLIT Cap 10p	Investment Trusts
SWP Group 5p	Building Materials & Merchants
Saatchi & Saatchi 10p*	Media
Safeland 5p	Property
Sage Group 5p*	Support Services
Sainsbury (J.)*	Retailers, Food
St Andrew Tst.*	Investment Trusts
St Barbara 20c	Extractive Industries
St David's Inv. Tst. Cap	Investment Trusts
St David's Inv. Tst. Inc	Investment Trusts
St David's Zero Div Pf	Investment Trusts
St-Gobain (Cie) FFr100	Building Materials & Merchants
St Helena Gold R1	Extractive Industries
St Ives 10p*	Printing, Paper & Packaging
St James's Place Capital*	Other Financial
St Modwen Props 10p*	Property
Sakura Bank Y50	Banks
Salvesen (Christian)*	Support Services
Samson Exploration	Extractive Industries
Sanderson Electronics 5p*	Support Services
Sanderson Murray Elder 10p*	Distributors
Santos 25c	Oil, Integrated
Sanwa Bank Y50	Banks
Sappi	Printing, Paper & Packaging
Saville Gordon 10p*	Property
Savills 5p	Property
Savoy Hotels A 10p*	Leisure & Hotels
Scantronic 10p	Electronic & Electrical Equipment
Scapa Group*	Other Services & Businesses
Schering DM50	Pharmaceuticals
Schlumberger $0.01	Oil Exploration & Production
Scholes Group 10p*	Electronic & Electrical Equipment
Scholl 5p*	Health Care
Schroder Japanese Warrant Fd. 1c	Investment Companies
Schroder Japanese Warrants	Investment Companies
Schroder Korea Fund	Investment Trusts
Schroder Korea Fd Warrants	Investment Trusts
Schroder Split Fd Inc	Investment Trusts
Schroder Split Fd Cap	Investment Trusts
Schroder Split Zero Div Pf	Investment Trusts
Schroders £1*	Merchant Banks
Schroders £1 N/V*	Merchant Banks
Scotia	Pharmaceuticals
Scott Pickford	Oil Exploration & Production
Scottish & Newcastle 20p*	Breweries
Scottish American Inv.*	Investment Trusts
Scottish Asian Inv. Ptg. 1c	Investment Companies
Scottish Asian Wts	Investment Companies
Scottish Eastern Inv*	Investment Trusts
Scottish Heritable Tst	Diversified Industrials
Scottish Hydro-Electric*	Electricity
Scottish Inv*	Investment Trusts
Scottish Inv Warrants	Investment Trusts
Scottish Metropolitan 20p*	Property
Scottish Mortgage & Tst*	Investment Trusts
Scottish Natl Tst. Inc	Investment Trusts
Scottish Natl Cap	Investment Trusts
Scottish Natl Stepped Prf	Investment Trusts
Scottish Natl Wrnts	Investment Trusts
Scottish Natl Zero Div Prf	Investment Trusts
Scottish Power*	Electricity
Scottish TV 10p*	Media
Scottish Value Trust*	Investment Trusts
Seacon	Transport
Sea Containers $0.01	Transport
Seafield	Transport
Seafield Resources	Oil Exploration & Production
Seagram	Spirits, Wines & Ciders
Sears*	Retailers, General
Sears, Roebuck 75c	Americans
Second Alliance Tst.*	Investment Trusts
Second Consolidated Tst*	Investment Trusts
Second HGSC	Investment Trusts
Second Market Inv. 50p*	Investment Trusts
Secure Trust Grp. 1p*	Other Financial
Securicor Group	Telecommunications
Securicor Group A N-V*	Telecommunications
Securities Tst. Scot.*	Investment Trusts
Security Services	Telecommunications
Sedgwick Group 10p*	Insurance
Seeboard*	Electricity
SelecTV 1p*	Media
Select Appointments	Support Services
Select Inds	Engineering, Vehicles
Selective Assets Tst. 10p*	Investment Trusts
Selective Assets Eq Sersl	Investment Trusts
Selective Assets Eq SersII	Investment Trusts
Sema Group 10p*	Support Services
Senior Engineering 10p*	Engineering
Sentry Farming Grp	Food Manufacturers
Serco Group*	Support Services
Sent 10p	Printing, Paper & Packaging
Servomex 5p	Engineering
Seton Healthcare Grp. 10p*	Health Care
Severfield-Reeve	Building & Construction
Severn Trent*	Water
Shaftesbury*	Property
Shandwick 1p	Media
Shani Group 10p	Textiles & Apparel
Shanks & McEwan 10p*	Other Services & Businesses
Sharelink Inv Servs	Other Financial
Sharpe & Fisher	Building Materials & Merchants
Shaw (Arthur) 10p	Building Materials & Merchants
Sheafbank Prop	Property
Sheffield Insulations*	Building Materials & Merchants
Sheldon Jones	Food Manufacturers
Shell Transport Reg*	Oil, Integrated
Shell Transport 7pc Prf. £1	Oil, Integrated
Shelton (Martin)	Other Services & Businesses
Sheriff Hldgs. 5p	Building & Construction
Sherwood Computer Services 10p	Support Services
Sherwood Group 10p*	Textiles & Apparel
Shield Diagnostics	Health Care
Shiloh	Textiles & Apparel
Shires Inv. 50p*	Investment Trusts
Shoprite 5p	Retailers, Food
Shorco Group Hldgs	Building & Construction
Scim Selective Growth Tst	Investment Trusts
Sidlaw Group*	Printing, Paper & Packaging
Siebe*	Engineering
Siemens DM50	Electronic & Electrical Equipment
Signet 10p*	Retailers, General
Signet 6 7/8p Cv Cm Rd Prf	Retailers, General
Silentnight 10p*	Household Goods
Silvermines 2 1/2 p	Electronic & Electrical Equipment
Sime Darby	Diversified Industrials
Simon Engineering*	Distributors
Sims Food Group 5p*	Food Manufacturers
Simsmetal	Engineering
Sinclair (Wm.)*	Other Services & Businesses
Sindall (Wm) 5p	Building & Construction
Singapore SESDAQ Fd. 1c	Investment Companies
Singer & Friedlander*	Merchant Banks
Sipa Resources	Extractive Industries
Sirdar*	Textiles & Apparel
600 Group	Engineering
Skandia Insurance SK5	Insurance
Sketchley*	Support Services
Sleepy Kids 5p	Media
Slough Estates*	Property

LONDON SHARE SERVICE

BANKS

	Notes	Price	+ or -	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
ABN Amro Fl		£25⅝	-⅛	£25¾	£18¼	7,001	4.2	13.4
ANZ A$		218	-3	228½	130	2,852	4.2	ϕ
Abbey National	†□	490	-1	524	345	6,423	3.0	18.9
Allied Irish I£	♣†a□	312	+6	312	179	2,053	3.3	15.9
Anglo Irish I£	M□	63xr	+3	*69	38	153.3	6.7	ϕ
Asahi Y		681	+4	844	415	15,336	0.7	-
Banco Bil Viz Pta		£14½	-½	£17¾	£13⅜	3,349	5.7	6.5
Banco Sant Pta		£30½	-	£36	£24⅞	3,388	4.3	11.5
Bank Leumi (UK)		375	-	375	325	29.8	5.7	-
Bk Ireland I£	♣oz□	315	+10	*315	177	1,481	4.0	23.2
Bank Scotland	♣†□	223	+3	240½	116½	2,589	2.6	30.3
9¼pc Pf		139	+½	140¼	117¾	139.0	8.3	-
9¾pc Pf		148	+½	147¾	120½	146.0	8.3	-
Barclays	‡N□	619	+2	652	362	10,040	2.5	-
Dai Ichi Kan Y		1085	+5	1585	857	33,887	0.5	60.1
Deutsche DM		£334	+2⅝	£348⅞	£250½	15,907	1.8	-
Espirito Santo		£23¼	-⅛	£24	£16½	249.6	3.5	5.5
First Nat Fin		84	+3	*95	45	104.6	1.0	-
6.3pc Cv Pf		79xd	+1	*91	55	6.31	10.0	-
7pc Cv Pf		124xd	+1	167½	106	58.8	7.1	-
Fuji Bank Y		1401	-	1651	876	40,865	0.4	-
HSBC HK	†□	936	+15	1007	474	15,977	2.7	22.4
HSBC (75p Shs)	†□	920	+15	987	490	7,563	2.7	22.0
Lloyds	†□	634	-6	690	492	8,140	3.8	18.1
Mitsubishi Y		£15⅞	+⅛	£19¼	£11⅛	45,715	0.3	-
Mits Tst & Bk Y		£7⅛	-	£10½	£4⅝	9,278	0.7	11.4
Mitsui Tst & Bk Y		536	+1	852	374	6,422	1.0	18.3
Nat Aust A$		562	-11	575	322	7,385	4.0	ϕ
NatWest	†□	615	+11	634	398	10,221	3.6	37.4
Ottomane FFr		£28½	-	£28½	£23½	142.6	5.3	8.4
Ryl Bk Scotland	♣N□	465	+14	470	207	3,682	3.0	21.0
Sakura Y		£8⅝	-	£11	£5¾	29,410	0.6	55.4
Sanwa Y		£12⅜	-	£16	£7¼	35,885	0.4	-
Standard Chartd	†□	1211	+1	1253	576	2,883	2.1	-
Sumitomo Y		£11¾	+⅛	£16¼	£8⅝	38,904	0.5	25.3
Sumitomo Tst Y		£6⅝	-	£9⅝	£4⅝	8,551	0.8	53.9
TSB	□	254	+7	260	145½	3,855	3.1	-
Tokai Y		£6⅝	-	£9⅞	£4½	13,968	0.8	45.9
Toyo Tst & Bk Y		601	+3	840	411	4,723	0.8	53.6
Westpac A$		207	-4	214	121	3,629	2.6	ϕ
Yasuda Tst Bk Y	‡	455	+2	690	343	5,018	1.1	40.5

BREWERIES

BUILDING & CONSTRUCTION

BUILDING MATS. & MERCHANTS

BUILDING MATS. & MERCHANTS - Cont.

CHEMICALS

DISTRIBUTORS

DIVERSIFIED INDUSTRIALS

ELECTRICITY

ELECTRONIC & ELECTRICAL EQPT

ELECTRONIC & ELECTRICAL EQPT - Cont.

ENGINEERING

ENGINEERING VEHICLES

EXTRACTIVE INDUSTRIES

FOOD MANUFACTURERS

GAS DISTRIBUTION

HEALTH CARE

HOUSEHOLD GOODS

INSURANCE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

INVESTMENT COMPANIES

LEISURE & HOTELS

LEISURE & HOTELS - Cont.

LIFE ASSURANCE

MEDIA

MERCHANT BANKS

OIL EXPLORATION & PRODUCTION

OIL, INTEGRATED

OTHER FINANCIAL

OTHER SERVICES & BUSINESSES

PHARMACEUTICALS

PRINTING, PAPER & PACKAGING

PROPERTY

PROPERTY - Cont.

RETAILERS, FOOD

RETAILERS, GENERAL

SPIRITS, WINES & CIDERS

SPIRITS, WINES & CIDERS - Cont.

SUPPORT SERVICES

TELECOMMUNICATIONS

TEXTILES & APPAREL

TOBACCO

TRANSPORT

TRANSPORT - Cont.

WATER

AMERICANS

CANADIANS

SOUTH AFRICANS

	Notes	Price	+ or -	1993/94 high	low	Mkt Cap£m	Yld Gr's	P/E
Anglo Am Ind		£13½	—	£13½	£7½	805.4	5.2	11.2
Barlow Rand		£8¾	+⅛	£10⅝	£5½	1,718	3.9	Φ
Gold Fields SA R		1768	...	1800	725	1,705	2.3	29.3
NK Props	SA	90	—	97	68	3.62	15.1	Φ
SASOL	♥	294	+3	308	215	1,685	5.3	-
SA Brews		1499	+17	1521	753	8,108	1.8	24.8
Tiger Oats		813	—	813	513	1,221	2.0	17.2
Tongaat-Hulett	†	472xd	+1	472	212	353.3	3.2	13.2

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ⌴ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- • Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- Φ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below
- ☆ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94
N Figures based on IIMR 'Headline Earnings'
P Figures based on prospectus or other official estimates for 1994
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations:
xd ex dividend;
xc ex scrip issue;
xr ex rights;
xa ex all;
xf ex capital distribution.

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FINANCIAL TIMES
Weekend January 8/January 9 1994

Corporate bias fading against Japanese cars

By John Griffiths

French businesses, formerly the most chauvinistic in Europe when it came to buying company cars, can no longer be relied upon to support Renault, Peugeot and Citroën by keeping Japanese cars out of their fleets.

Corporate barriers to the purchase of Japanese cars are tumbling throughout Europe, according to the latest survey undertaken by Monks Partnership, a UK remuneration adviser.

In 1991, not one French-based company would own up to being prepared to buy Japanese cars.

In Monks' latest survey of 650 companies throughout Europe, published yesterday, 35 per cent of the more than 80 French companies surveyed said they were opening their garages and car parks to Japanese vehicles.

Mr David Atkins, a Monks' spokesman, said: "That doesn't mean to say that Japanese company cars are already numerous in France. It will take time for the effect of the policy changes to show up in actual cars purchased.

"Also, the figures are heavily influenced by multinationals starting to standardise their company car policies across Europe. Nevertheless, with the odd national exception, the trend towards greater acceptability of Japanese cars is unmistakable."

The number of companies willing to buy Japanese cars has increased – in some cases very sharply – in nine out of the 12 countries surveyed. Among the biggest jumps, 80 per cent of Austrian companies say they will now allow Japanese cars in their fleets, compared with 25 per cent in 1991; 67 per cent of Swedish companies, up from 17; 64 per cent of Spanish companies up from 35 and 80 per cent of Dutch companies, up from 42.

Only Italy and Denmark saw the trend put into reverse, with 42 per cent of Italian companies prepared to buy Japanese – down from 50 per cent – and 25 per cent of Danish companies, down from 43. Half of Irish companies surveyed would put such cars in their fleets, the same as in 1991.

Anecdotal evidence from the survey indicates that the growth in production of Japanese cars in Europe is breaking down the deeply-entrenched resistance to buying Japanese.

European Company Car Survey 1993. Monks Partnership, Debden Green, Saffron Walden, Essex CB11 3LX, UK. £195

Viacom and Blockbuster shares hit by reports of merger

By Martin Dickson in New York

Shares in Blockbuster Entertainment, the video rental company, and Viacom, the cable television company, fell sharply yesterday as reports swept Wall Street that the two might shortly announce a merger, giving Viacom fresh financial ammunition in its battle for control of Paramount Communications.

Viacom, which has a $9.3bn (£6.28bn) takeover bid on the table for film and book group Paramount, had until early today to match or beat a $9.8bn bid from QVC Network, the television shopping channel headed by Mr Barry Diller.

Tender offers from both companies for 51 per cent of Paramount's stock were due to close at midnight in New York, and many shareholders were likely to accept QVC's offer if Viacom failed to make a last-minute counter-proposal.

However, on Wall Street yesterday it was thought that Viacom was on the point of signing a merger agreement with Blockbuster and making a higher offer, or at least announcing it intended to merge, while appealing to Paramount shareholders for more time to increase its bid.

Blockbuster, which runs the world's largest chain of video rental stores and has a market capitalisation of about $7bn, agreed last September to invest $600m in Viacom to back its bid for Paramount. The two companies have been discussing the terms of fresh financial backing for the past few weeks.

A merger might help the takeover battle because, while Viacom is heavily indebted, Blockbuster is not, and a merged business might find it easier to raise additional borrowings for its war-chest.

Shares in Blockbuster fell $1¾ to $28⅛ in morning trading while Viacom's A shares were down $1 at $46. Shares in QVC rose $2¼, to $42, while Paramount stock rose $1 to $79⅞.

A merger between Blockbuster, headed by Mr Wayne Huizenga, and Viacom, led by Mr Sumner Redstone, would be one of the most remarkable alliances yet in the five-month-old battle for Paramount, which has lined up numerous media and telecommunications companies in the two rival bidding camps.

Bank status 'will bolster the franc'

Continued from Page 1

formal meeting of the committee, whose six outside members later drew lots to decide the length of their terms of office. Eventually, all outside appointees will serve a non-renewable nine-year term. But initially some will serve less so that two of their number can change every three years.

Yesterday Mr Michel Sapin, a former Socialist finance minister, and Mr Michel Albert, former head of the AGF insurance group, got nine-year terms; Mrs Denise Flouzat, an economist, and Mr Jean-Pierre Gérard, an industrialist, got six years; and Mr Jean Boissonat, a journalist, and Mr Bruno de Malde, a financier, three years.

Mr Balladur said he was confident that the Bank would match the performance of the Bundesbank and US Federal Reserve Board. Under the Maastricht treaty, EU members are supposed to make their central banks independent during the second stage of European monetary union.

Mr Jean-Claude Trichet, the Bank of France governor who, with his two deputies, are *ex-officio* members of the committee, claimed that the French people, often considered "flighty or inconstant" in other matters, were now "firmly attached to the value of their money".

Ulster peace talks close to stalemate

By David Owen in Dublin

The Northern Ireland peace process was heading towards stalemate last night after Sir Patrick Mayhew underlined the UK government's determination not to respond to Sinn Féin's demands for clarification of the Downing Street Declaration.

The Northern Ireland secretary's comments coincided with the strongest hint yet by Mr Gerry Adams, the Sinn Féin president, that the IRA would not renounce its 25-year armed struggle without such clarification.

Mr Adams told the Irish News, a Belfast-based nationalist newspaper: "I said always what I wanted at the end of this peace process was to end up with a package, a proposition I can bring to the IRA in which hopefully I can make a definitive point which will lead them to change their campaign. I don't have such a package; I don't have such a proposition."

Pressure on the UK government to respond to Sinn Féin's demands has been mounting in recent days, with many leading politicians indicating they think the request is reasonable.

Mr John Major, prime minister, has said the demands are "an increasingly desperate attempt to avoid facing up to the clear choice that confronts them".

Mr Adams last night wrote to Mr Major on the subject.

Downing Street last night confirmed that Mr Major had invited Mr John Hume, leader of Ulster's mainly Roman Catholic Social Democratic and Labour Party, for a meeting soon after parliament resumes on Monday.

In a move likely to be welcomed by Ulster Unionists, the government also signalled that Mr Michael Ancram, the newly promoted Northern Ireland minister, is to press ahead with talks with leaders of the province's four constitutional political parties within the next two weeks.

Meanwhile, pressure mounted on Mr Adams and Mr Hume to publish details of their agreement last year which played a large part in getting the current peace initiative under way after a Dublin newspaper reported the Sinn Féin president had agreed to the principle of majority consent for any constitutional change in the province's status.

Mr Hume and Mr Adams both dismissed the reports yesterday as speculation.

● A Roman Catholic man seriously wounded late on Thursday night was the first victim of loyalist terrorists since the joint declaration was published three weeks ago.

Grass roots' test, Page 6

THE LEX COLUMN

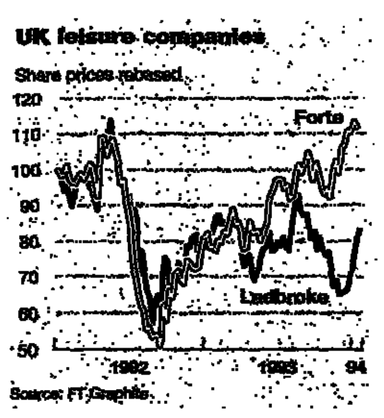
Stein steps down

It is difficult not to feel a twinge of sympathy for Mr Cyril Stein after Ladbroke's shares rose 7 per cent on news he is not even to be a non-executive director any more. After all, Mr Stein has spent the best part of 40 years at the helm. The market's ingratitude has a certain logic just the same. It was always difficult to imagine Mr Stein taking a back seat at board meetings. His departure will strengthen Ladbroke's resolve to get out of property and, presumably, to cut the dividend to a sustainable level. Above all it signals that the new management, which promises to be more open, is very much in charge.

A flow of other announcements – the appointment of a couple of strong non-executive directors, for example, and some new faces to reinforce the management of the betting and hotels divisions – should help maintain the share price recovery. The new team still faces some difficult calls, however, not least over the speed with which it sells out of property when prices are rising and disposals could prove dilutive. Assuming no skeletons fall out of the cupboard when the door is opened, the task should not require further significant write-downs. Though some adjustment to hotel values may be needed, gearing should not be a particular problem.

The dividend must still be cut simply to restore cover rather than in a bid to conserve cash. Texas Homecare will remain difficult for some time. But Ladbroke's other two legs will be a strongly-branded hotel operation balanced by a cash-rich betting business which may offer opportunities for international expansion. That is not necessarily a recipe for spectacular growth once cyclical recovery is out of the way, but Ladbroke's attraction would increase relative to Forte, which has had to sell some cash-generative businesses to repair its balance sheet.

FT-SE Index: 3446.0 (+43.0)



Source: FT Graphite

UK markets

A stronger pound and the realisation that lower base rates were not an official priority for the new year proved only limited discouragement to the equity market. After an initial wobble, the FT-SE 100 resumed its upward course, due partly to buying from the US. Assuming Dixons' disappointing Christmas was not a general reflection of the consumer mood, the conclusion might be that the economy is strong enough to sustain equities without the prop of a further interest rate cut. Certainly the strength of sterling should not yet be a cause for concern. The currency has some way to go to recoup the 1992 devaluation. Since then, productivity gains and falling unit-labour costs have increased UK competitiveness.

Even a rise over DM2.60 need not force the authorities' hand. Perhaps with hindsight the pre-budget cut of just half a point should be seen as a sign of government determination to measure out the monetary largesse. At least the authorities are conserving room to cut rates if tax rises do upset the recovery, though it may take until summer to be sure. While that is some comfort for equities, the prospect of a prolonged period of stable and low rates should be better for sentiment than a deep but short-lived trough.

Life insurance

The steady bonus rates announced by life insurers this week look like a pause for breath in an otherwise downward trend. Unlike their counterparts at pension funds, life company actuaries do not dismiss 1993's investment returns as an aberration. The savage bonus cuts of the last two years are not therefore being repeated. With long-term interest rates so low, though, such heady investment returns are unlikely to be sustained.

Payouts on 10-year policies could thus decline sharply as the strong investment returns of the mid-1980s drop out of bonus calculations. But the pace of decline may vary between life companies more than in the past. Insurers which switched investments in favour of gilts – often because weak solvency demanded a less risky investment strategy – have done well from the switch so far. With long gilt yields now at a 25-year low, though, a high weighting in bonds may be more of a drag on investment performance.

Companies with stronger solvency may also be more likely to maintain payouts where possible. Full disclosure of commissions and expenses – proposals for which were released by the Securities and Investments Board yesterday – should increase competition and may drive investors towards other forms of long-term saving. The mis-selling of personal pensions uncovered in the final months of last year can only be bad for business, while the market for mortgage endowments remains depressed. Life insurers with financial muscles will have a strong incentive to flex them.

Hong Kong

The Hong Kong equity market rose by almost one third in December, so the 10 per cent decline in the Hang Seng index this week could simply be a good old-fashioned case of profit taking. The index fell 373 points yesterday, but closed some 300 points off the day's low. That might suggest the worst of the selling has passed. The US threat to cut import quotas for Chinese textiles certainly encouraged the slide. Given the colony's role as a corridor for Chinese exports, such punitive action on trade would be a bad omen. But other Asian equity markets have also suffered – Thailand fell by 5 per cent yesterday, Taiwan by almost as much – which hints at wider forces at work.

The worry is that bull markets driven by liquidity are notoriously difficult to judge. A change in sentiment which caused US or Japanese investors to lose faith would have profound implications. A sharp rise in US interest rates or an economic shock from China remain the most likely causes of any eventual shift. But the latest US jobless figures are consoling on interest rates while there is nothing to suggest that China's problems have suddenly deteriorated.

On a multiple of perhaps 17 times this year's forecast earnings, Hong Kong does not look especially expensive judged against its Asian rivals. But the low depreciation charges of Hong Kong's property companies and banks flatter the market on that measure. Judged against cash flow or asset value, Hong Kong equities are starting to look pricey. Progress from here will be more difficult to achieve.

Stein quits Ladbroke early

Continued from Page 1

rally". Mr John Jackson, who took over as chairman on January 1, said Mr Stein had liked the idea of staying on for another three years to complete 40 years with Ladbroke. But as December 31 approached, it became clear that it would be better both for himself and the group if he made a clean break.

Mr Stein, who is to receive a £200,000 payment from the company, will remain as a consultant to Ladbroke. "He has a massive knowledge of racing and a very large network of contacts," said Mr Jackson.

Analysts believe Mr Stein's departure clears the way for property disposals and a dividend cut. During his tenure, Ladbroke never cut its dividend.

Role for Russia's reformers

Continued from Page 1

to unite the two countries' economies under a common currency is seen by reformers as a strong indication the conservatives have won the internal argument.

Mr Chernomyrdin, commending the deal this week, pointedly linked it with the lack of agreement with Ukraine, where the economy is in steep decline and pro-union forces are agitating for economic union with Russia.

George Graham adds from Washington: Mr Lloyd Bentsen, US treasury secretary, said the US would urge Mr Yeltsin to "deepen the process of market reform", but that the west should pay more attention to the pain endured by the Russian people during the country's economic transformation.

FT WEATHER GUIDE

Europe today

It will be rainy over the British Isles, the far west of France and north-west Spain. Rain will also affect Portugal's coastal regions. Near gale force south-westerly winds are likely around Cape Finisterre.

A depression over southern Norway will move north-east, resulting in widespread snow in Sweden and Finland. Over the southern Baltic region, snow will turn into sleet or rain.

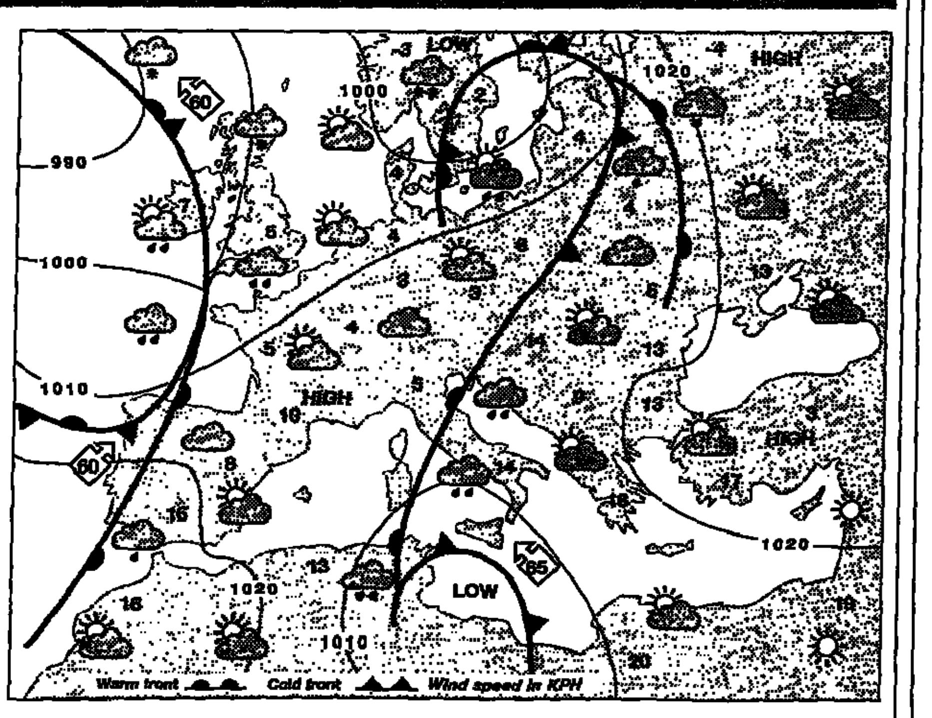
The Low Countries, Germany and the eastern regions of France and Spain will have a calm day. It will be cloudy overall, apart from a few glimpses of sunshine.

A low pressure area near Tripoli will trigger rain and showers over Slovenia, Italy and Tunisia.

Five-day forecast

Depressions will remain active over the eastern Atlantic, the British Isles and the western part of the continent. It will be rainy and windy overall but temperatures will be mild.

Wintry conditions will occur only over Scandinavia and the far north-west of Russia. Light winds, fog and mist will be general over eastern Europe.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

		Maximum Celsius
Abu Dhabi	sun	23
Accra	fair	31
Algiers	cloudy	14
Amsterdam	fair	5
Athens	fair	16
B. Aires	fair	30
B.ham	cloudy	2
Bangkok	fair	35
Barcelona	fair	10
Beijing	fair	3
Belfast	rain	5
Belgrade	fair	14
Berlin	cloudy	4
Bermuda	fair	24
Bogota	fair	19
Bombay	sun	34
Brussels	fair	4
Budapest	rain	9
C.hagen	rain	4
Cairo	sun	20
Cape Town	fair	26
Caracas	fair	28
Cardiff	cloudy	4
Chicago	snow	-10
Cologne	cloudy	3
D'Salaam	shower	30
Dakar	fair	26
Dallas	sun	12
Delhi	sun	25
Dubai	sun	24
Dublin	rain	6
Dubrovnik	shower	16
Edinburgh	fair	3
Faro	drzzl	16
Frankfurt	cloudy	2
Geneva	cloudy	-1
Gibraltar	cloudy	17
Glasgow	cloudy	2
Hamburg	cloudy	4
Helsinki	sleet	3
Hong Kong	cloudy	25
Honolulu	fair	24
Istanbul	fair	12
Jersey	cloudy	7
Karachi	sun	26
Kuwait	sun	21
L. Angeles	sun	23
Las Palmas	fair	20
Lima	fair	26
Lisbon	rain	14
London	fair	4
Lux.bourg	cloudy	1
Lyon	cloudy	0
Madeira	cloudy	20
Madrid	rain	6
Majorca	fair	14
Malta	rain	16
Manchester	cloudy	3
Manila	shower	28
Melbourne	shower	16
Mexico City	fair	21
Miami	shower	26
Milan	fair	4
Montreal	snow	-12
Moscow	drzzl	1
Munich	fair	3
Nairobi	fair	27
Naples	rain	15
Nassau	shower	26
New York	sleet	3
Nice	fair	9
Nicosia	sun	19
Oslo	snow	-1
Paris	cloudy	5
Perth	fair	26
Prague	fair	3
Rangoon	sun	33
Reykjavik	cloudy	-3
Rio	shower	29
Riyadh	fair	22
Rome	rain	14
S. Frsco	fair	13
Seoul	cloudy	5
Singapore	shower	30
Stockholm	sleet	2
Strasbourg	cloudy	3
Sydney	fair	35
Tangier	fair	15
Tel Aviv	sun	20
Tokyo	fair	9
Toronto	cloudy	-13
Tunis	rain	14
Vancouver	rain	8
Venice	shower	8
Vienna	rain	6
Warsaw	drzzl	7
Washington	fair	4
Wellington	cloudy	21
Winnipeg	cloudy	-19
Zurich	cloudy	2

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Weekend FT

SECTION II Weekend January 8/January 9 1994

New sexual fantasies between the covers

Out go chaste matinee idols. In come liberated heroines, jet-setting heroes and steamy sex scenes. What is going on at Mills and Boon, asks ***Jackie Wullschlager***

"She reached up to clip her hair at the back, her body tall and slender in a dusky pink bikini, her legs long and shapely. The water wrapped round her like a warm blanket, unbelievably soft and caressing"

Who, on a dull day at the office, has not had a similar dream: the beach, the sun, the beautiful girl, a frisson of romance?

Between soft covers, such dreams are worth £70m a year in the UK. More romantic novels are sold than any other paperback fiction. More than half come from the romantic fiction publisher Mills and Boon, which has 4m regular readers in Britain and sells one book every two seconds. Mills and Boon has been busy transforming its image as it launches a series of new, updated romances for the 1990s. The matinee idol look and the stolen, chaste kisses are out.

In come snazzy covers, racy photographs and a sophisticated logo reflecting contemporary sweet dreams: liberated heroines, jet-setting heroes, plenty of steamy sex scenes.

Heroines used to be "mills and swoon" Cinderellas who sat and waited for their prince. Today, they are independent, professional, sexually aware women who travel the world.

In the spring, a star Mills and Boon heroine will be Atlanta reporter T.J. Harris, who accepts a marriage proposal to live with her lover at his island resort on condition she has "satellite television hook-ups, a computer modem and a fax machine. Think that can be arranged?" Another will be Hollywood agent Molly Hill, who plays sex-games with her blindfold, naked hero and then seduces him while conducting a business negotiation on the telephone: "Yes . . . I'm . . . I'm a little out of breath from working out". Mitch's hand slid beneath her buttocks . . ." The change in Mills and Boon's image this autumn is the first for nine years and reflects readers' tastes for sexier stories and dynamic female characters.

"Heroines have definitely got more guts about them, they are much more confident and assertive in their attitude to men – like women are today," says Heather Walton, Mills and Boon's marketing director. The stories, she claims, "mirror the lives of contemporary women" and market research is extensively used to keep them up to date.

It shows, for example, that readers enjoy sexual realism – hence this autumn's launch of new format "temptation romances", with snapshots of pouting cover girls within black borders, the word "temptation" blazed across the top, and scenes such as reporter T.J. Harris's seduction: "Rafe interrupted their lovemaking only long enough to don a condom from the nightstand drawer." Social realism, on the other hand, is unwelcome – readers do not, for instance, want stories involving child abuse.

This distinguishes Mills and Boon's brand of escapism from that of television soap operas – *Eastenders, Neighbours* – which are driven by topical social issues. "But we're not here to moralise," says Walton.

Mills and Boon is now 85 years old, and its romances are an extraordinary cultural phenomenon: one of the most successful and long-lasting examples this century of fantasy sold as a commodity. Early authors included P.G. Wodehouse and Georgette Heyer; the company became famous in the 1930s when the Depression created a huge market for escapist fiction.

Its books have thrived on a standard mix – 192 pages of passion between a handsome, rich, hero and a beautiful young girl, with glamorous background and happy ending guaranteed – ever since.

Within this fixed mould, changing sexual and social mores make the stories fascinating cultural barometers. Injured war heroes were popular in the 1940s. Then hospitals, with dashing surgeons and blushing sisters and self-sacrificing deeds, were common settings, and the *Doctor, Nurse* series was Mills and Boon's great export success in the 1950s.

By the 1980s, the Caribbean had become a key backcloth, with a diver or cruise-line owner as hero: a glitzy playground fantasy for the "me" generation.

The new-look Mills and Boon favours romanticised work settings – a Hollywood studio, the office of *Brides* magazine – to match the career-girl heroines.

Are Mills and Boon romances escapist junk, tame pornography, or a brilliant commercial packaging of fantasies that go to the heart of our collective psyche? They are as familiar as brand names of chocolate bars – eight out of 10 women have heard of Mills and Boon. The books are competently written, the style sophisticated and upbeat, but they lack intellectual depth, they are sentimental and predictable and have no artistic originality.

In the literary hierarchy, they sit above the simple fictions of Barbara Cartland but below the novels of serious authors such as Fay Weldon or Anita Brookner – writers whose audiences are also primarily female.

Why does popular romantic fiction continue to exert a pull over modern, liberated women? Feminist critic Alison Hennegan, editor of Open Letters, the feminist book club, suggests the appeal for some readers lies in "giving yourself permission not to be bright, to read something that technically someone like you shouldn't want to read, while thinking 'Of course I'd never admit to finding anything attractive here, I'm only too happy to be vice-president of my bank on my way to New York'."

Readers can also, she says, self-consciously enjoy the "female camp" – "It's such fun, my dear, it's such a wicked pleasure to suspend belief in political correctness."

Romantic fiction is never politically correct because it is rooted in traditional sexual stereotypes. At its heart lie classic female fantasies which never change. In identifying with a beautiful, beloved, lucky Mills and Boon heroine, women readers fall in love with an idealised self-image. Both heroine and reader see life through sensual-tinted spectacles: themselves in that dusky, pink bikini, waiting for their lover on a beach, writhing with desire.

Freud observed that while male daydreams are about ambition, female dreams are erotic, women figuring themselves as objects of desire. That readers identify with a sexually-desired woman is the key to the books' appeal – this is why heroines must be up-to-the-minute social types. Today's reader, for example, could not identify with a simpering, innocent wartime heroine. But on a deeper, fantasy level, the substance of Mills and Boon has barely changed since the 1940s.

Female sexual longing, the wish to be powerless, ravished, by a passionate dominant man, courses through every page of romantic fiction.

"One of his conquering hands took command of her burning face. Nothing could ever be the same again," reads *A Perfect Little Fool*, a Mills and Boon romance from 1923. "His display of masterful jealousy excited and pleased her. He was the lover she needed, a man who could sweep her off her feet," concludes *Passionate Choice* in 1986.

These are universal fantasies: perhaps instinctive, more likely resulting from centuries of repression of female sexuality, so that only in images of coercion, which do not admit their own desires, can most women really let go. They also suggest regressive longings for unconditional love and acceptance, Oedipal wishes for a father-protector figure.

Romantic fiction allows the female imagination, with its emphasis on feelings, to triumph as it never does in life – the strong, worldly hero at last admits the supremacy of the private, emotional sphere, and is brought to his feet by love.

Beneath the slick and streetwise gloss, the new Mills and Boon novels rework these fantasies, and that is why they will sell. Heroes remain powerful and macho. Career girl-heroines are pretty, feminine and secretly want to be dominated. Spiky ambitious reporter T.J. Harris wears an emerald silk nightdress and, when her lover removes it, the reader is told: "Rafe would take care of everything, she decided confidently, willingly surrendering control."

The books end in marriage, sex is always perfect, careers are often sacrificed, and love means you can stop thinking.

In contrast, a recent novel by the feminist writer Fay Weldon concludes "no amount of fucking can stop you thinking". Weldon thinks that women should fight the desire to be dominated rather than "lapse into the belief that you don't have to work and struggle because somebody will always be there to look after you".

Her best-known novel, *The Life and Loves of A She-Devil*, subverts romantic fantasy with a fat ugly heroine, Ruth, whose husband leaves her for a beautiful romantic fiction novelist. Another cult 1980s novel, Anita Brookner's *Hotel du Lac*, also features a romantic writer whose life falls short of her rosy hued imaginings.

It is writers such as Weldon or Brookner, serious novelists with a large popular following, whose fictions mirror the lives of contemporary women. Mills and Boon stories record the escapist dreams.

But if these dreams do not mirror everyday lives of late 20th century woman, they do reflect her cultural expectations. For behind them stands the ideal of romantic

Continued on Page VIII

CONTENTS

The Long View/**Barry Riley**

Fuelling the markets

The really hard part about forecasting what might happen to the global bond and stock markets in 1994 is that to succeed we must first understand what drove securities prices up so much in 1993.

We can note that the two biggest equity markets, in the US and Japan, which account for two-thirds of global capitalisation, were sluggish last year in local currency terms, with returns of only about 10 per cent. Generally speaking, the smaller the market and the less the liquidity, the more likely a strong rise. Bond markets were firm everywhere and there was a remarkable convergence of bond yields in Europe, where returns are now packed closer together than they ever were in the days of the European exchange rate mechanism. Too much money and too little discrimination were the themes.

Recession and intensifying competition in traded goods can legitimately explain the falling interest rates and inflation rates that have encouraged bond investors. It is not so clear, however, why stock markets have joined in the party so enthusiastically. Analysts are performing mental gymnastics in order to justify historically very expensive ratings. Concepts such as "cyclically adjusted margins" and "mid-cycle earnings" are being touted around; but shareholders in, for instance, Metallgesellschaft, this week's leading disaster story, may perceive this as simply an exercise in "let's pretend".

What we *know* is that the direct cause of the global bull market has been the flow of capital out of the US into overseas bond and stock markets. In the first nine months of 1993, net purchases reached \$98bn, including peak rates of \$21bn in bonds and \$25bn in equities in the third quarter. About \$7bn of the \$25bn went into Latin America and Asia (excluding Japan).

The tap has been turned on by the hugely steep yield curve (from 3 to 6.4 per cent) in the US which has generated massive movements out of deposits. These funds have gone into, firstly, the domestic securities markets and, more recently, into overseas markets which are viewed as offering better value.

Conventional wisdom is that the turning point will come when the Federal Reserve decides in its wisdom that the US economy is threatening sufficient inflation to justify raising short-term interest rates. But is this the full story? It is a puzzle that the Fed has been able to hold interest rates so low without leading to a serious contraction in the US money supply, given the weakness of bank lending. As it is, broad money has continued to grow, albeit very slowly.

Part of the story has been that the Fed has itself been buying bonds. But does the Fed have hidden partners in supplying the liquidity that is driving the global capital market? After all, it seems unlikely that the US, with its notoriously low personal savings ratio of about 4 per cent, can really be supplying investment capital unaided on a scale which is fuelling a world-wide bull market. The story of the late 1980s, after all, was that America was no longer able to finance itself.

The simple arithmetic is that if \$140bn annualised is flooding out into stocks and bonds, and the US current account deficit is \$100bn plus, there must be a flow of the order of \$250bn the other way, which is replenishing dollar liquidity. The primary source of this must be Japan, which is running a current account surplus of the order of \$140bn but which, on the published figures, is no longer substantially offsetting this through securities purchases (as it did when portfolio investment outflows reached \$120bn in 1989, mostly into dollar bonds). The Japanese may be repaying dollar debts or purchasing money market instruments.

The strength of the yen through much of 1993 discouraged Japanese investors from investing overseas. Now, however, the yen seems softer again, and we must also consider whether the weakness of the Japanese economy, a fundamental part of the global picture, will persist for another year. The officially-claimed third quarter annualised 2 per cent growth in GDP seemed freakish at best to many economists and unbelievable at worst; but was it?

By propping up the busted financial system, the Japanese government is preventing the economic meltdown which threatened to turn the 1990s world-wide into a re-run of the 1930s, with Japan this time around replacing the US as the focal point of debt deflation. Largely spared financial dislocation, Japanese industry has maintained its overall output, but often at suicidal margins, so that corporate profits have collapsed by 70 per cent from the peak. This squeeze on profits means the price bubble in yen bonds (10-year yields are falling through 3 per cent) has not been transferable to equities.

If the Japanese economy stays depressed, the surplus liquidity will continue to pour out – with the difference, perhaps, that portfolio assets might increasingly be bought directly by Japanese institutions rather than indirectly by American investors. Although the low level of US short rates would then become unsustainable, the impact on markets outside the US might not be serious if the alternative source of buying appeared. Japanese investors would not, though, have the same tastes – south-east Asia maybe, Latin America probably not.

Recovery in Japan's economy, however, through rising internal demand, might quickly erode the balance-of-payments surplus and cut the flows of liquidity. The global bull market would end. Analysts could go back to working out next year's probable earnings per share and deciding whether an investment made sense on that basis, rather than on make-believe projections.

This is by no means the whole story. The continental European recession will also generate falling interest rates and excess liquidity this year. But it is surely the benign relationship between the American and Japanese financial markets that holds the key. We should beware a shift in the delicate balance.

MARKETS

London

Fewer pots of gold in media land

By Bernard Gray

Michael Eisner, chairman of Walt Disney, had a disappointing week. He found out that, for the first time in ten years as head of the Hollywood studio, he would receive no annual bonus, mostly because Euro-Disney's losses in 1993 have hurt the US parent. In 1992 he picked up $6.7m for services to Disney's profits.

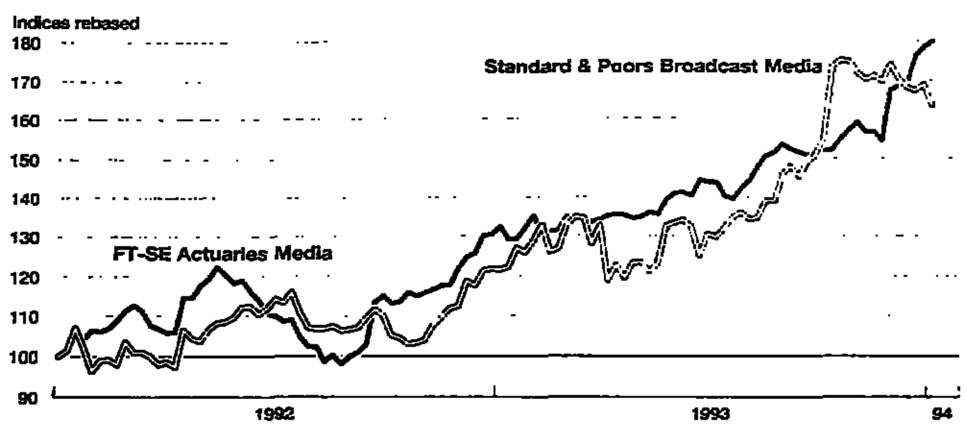
He was not the only media magnate to have a depressing start to 1994. On the other side of the pond Sir Christopher Bland, chairman of the smaller but perfectly formed LWT, has been trying to cobble together a band of brothers to repel Granada's boarding party.

The complex negotiations involved trying to tie together LWT, Yorkshire-Tyne Tees, and Anglia in a loose federation until a further change in the media rules allowed a full merger. Unfortunately the pantomime horse proved rather too difficult to stitch together and LWT is vulnerable to Granada's bid.

Sir Christopher will fight on the company's record and the argument that, as a pure television company, LWT's shares will be more highly rated than Granada's in the continuing media hype. Yet the sector has already been re-rated and fund managers may find the profit on their LWT holdings hard to resist. The shares ended the week up 60p to 666p. Anglia, still widely rumoured to be in the sights of Lord Hollick's MAI, also rose 44p to 472p.

Intrigue over the future of ITV companies was given another twist by the announcement that the government is to review the rules which restrict the cross ownership between newspaper groups and television companies. While the results may not be know until the autumn, the market was still speculating that the Mirror and Telegraph Groups, Associated and United Newspapers, Pearson (owners of the *Financial Times*), Reed, the Guardian and Uncle Tom Cobbley are all about to buy television companies. Small wonder

Absolutely fabulous



Source: Datastream

then that media shares have maintained their Absolutely Fabulous ratings.

Overall, the market had a turbulent time. The FT-SE 100 index fell heavily at the start of the week on worries that interest rate cuts might be delayed. Gilts also fared badly with losses of 1¼ points in the first two days. Yet worries over Christmas sales volumes, following Dixons results on Thursday, reignited interest rate hopes. The company had not managed to sell as many video games as in 1992, prompting fears that it had not been a merry Christmas. Gilts bounced ⅝ of a point on Friday and the FT-SE 100 finished up 27.6 points on the week. Dixons, however, fell 41p to 244p and dragged the sector with it.

There was also suspicion that shenanigans in the futures market, which is based on the 100 index, were responsible for some of the volatility in blue chip shares. By contrast second-line stocks, tracked by the FT-SE Mid 250 index, had a fine week rising 121.2 points.

Paul Walton, strategist at James Capel, says that between September 1992, when sterling left the ERM, and September 1993, smaller stocks outperformed blue chip shares substantially. That was mainly because interest rate cuts and expectations of a UK recovery helped smaller cyclical manufacturing companies more than large drug companies or food retailers. In the last quarter of 1993, the pattern reversed as overseas buyers took a shine to big UK stocks. Walton believes the equity market will continue to do well in the year's first half and that smaller companies will take the lead.

Defining a company took a new turn this week as the revised FT-SE Actuaries classifications were introduced. In general they were welcomed as a sensible rationalisation of the system, as the structure of the market has changed substantially since the last revision more than 20 years ago.

Some small investment impacts had been expected. James Capel says that the roping together of the various utilities – accounting for 14.5 per cent of the market by value – will make fund managers' recent concentration on these stocks obvious and they may thus adjust their holdings downwards. Utilities have underperformed the market over the past month, but it is hard to determine whether that is because of the new classifications or other effects.

What has been clear, at least to those who work in the City, is the debate over who should cover which shares in the new system. Changes may well give rise to confusion when fund managers vote on which analysts are doing well in the annual opinion polls. Since such matters count towards annual bonuses, the issue has attracted more than a little interest.

Another focus of attention was Eurotunnel, which reached agreement with its banks on further fundraising. That clears the the way for the company's second rights issue since digging started. And, with the shares rallying strongly in the enthusiasm before the tunnel's opening in May, the issue, due before then, may get away at a surprisingly high price. Eurotunnel ended the week at 636p, up 26p.

Brightness in the crude oil price also brought a little winter cheer to the oil sector. Hopes that Opec would agree to cut production at the end of January helped the sector, with BP up 12p to 372p. Exploration companies, more exposed to the oil price, fared even better with Enterprise up 21p at 469p.

It was also a happy new year for Ladbroke, which had been favoured in several newspapers tips of the year columns. On Friday, Cyril Stein, who stepped down as the company's executive chairman at the end of last year, announced that he was also relinquishing his post as a non-executive director. The shares rose 14p on the day to 194p, which seems a slightly mean reward for a generation's work. But as Michael Eisner would ruefully agree, you are not in the leisure business for fun.

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1993/94 High	1993/94 Low	
FT-SE 100 Index	3446.0	+27.6	3462.0	2737.6	Renewed US buying
FT-SE Mid 250 Index	3912.5	+121.2	3912.5	2876.3	Funds switch from Footsie stocks
Airtours	513xd	+29	513	269	Strong holiday bookings
Cadbury Schweppes	540	+31	541	407	New year share tip
Dixons	244	-41	293	189	Losses; profits warning
GKN	567½	+39½	567½	434	James Capel new year tip
Glaxo	664	-61	801	509	Goldman Sachs negative
Granada	579xd	+64½	579	341	LWT bid/UBS positive
HSBC (75p shs)	920	-54	987	490	Poor Hong Kong market
LWT	666	+60	666	405	Merger talks with Yorks-Tyne collapse
Ladbroke	194	+31½	222½	142	NatWest/Kleinwort positive
Pentos	35	+10	63	24	Christmas book sales firm
Tesco	234	+20½	273	176	Food retailers rally
Thorn EMI	1053xd	+72	1053	809	Leisure stocks strong
Yorks-Tyne Tees TV	179	+23	234	110	Merger talks with LWT collapse

Serious Money

Bruised by the cherry pickers

By Scheherazade Daneshkhu

Cherry picking may sound like a harmless occupation but in the insurance industry it has led to some consumers finding home and motor insurance difficult to afford and for others, impossible to find.

The most recent issue of *Which?*, the Consumers' Association magazine, says that as well as putting up prices often by "ridiculous" amounts and paying out on fewer claims, some insurers are refusing to quote altogether for those considered a bad risk.

This is partly the result of a growing policy of insuring good risks while turning down the rest – cherry picking. Insurance companies can choose whom they insure but in some cases, the selection criteria are being applied overzealously, it concludes. The problem for many people is that if their insurer refuses to renew their policy they have to declare this in applications to other companies, lessening the chance of finding cover elsewhere.

Which? contacted 16 insurers anonymously for quotations on a three bedroomed house in London with two theft claims (for £900 and £1,400) in the last year. Only one of the insurers was prepared to quote and when the exercise was repeated, reducing the second claim to £230, only six companies quoted.

Although the research is not rigorous – it is not clear, for example, what type of insurance companies were contacted and some may argue that the sample is too low – the report does draw attention to an increasing problem.

If people with a history of just two claims are regarded as "bad risk", is the UK heading for the type of insurance discrimination which exists in some parts of the US, where insurers are alleged to be engaged in "red-lining" by refusing to insure commercially unattractive risks, often in deprived urban areas?

The Association of British Insurers does not believe that many people find it impossible to find cover. Companies are willing to insure them but at a price which consumers may not be prepared to pay, it says.

However, the ABI does agree that insurers have become more selective in the past few years in the risks they are prepared to take on.

Insurance companies have reacted to losses due to storm damage in 1990 and subsidence in 1990 and 1991, as well as the rising number of claims. Domestic theft claims rose steadily from under £300m in 1989 to £749m in 1992. Property insurance claims more than doubled in a single year from £1.8m in 1989 to £4.3m in 1990 but have fallen since.

There is another reason why insurers have become more selective. Direct writers, which sell insurance through a combination of telephone sales and mass media advertising, have been a fast-expanding business.

Direct Line pioneered telephone-sale insurance and has made handsome profits for its parent, the Royal Bank of Scotland by concentrating on the low-risk market. Others have been only too happy to follow. This has been good news for lower-risk consumers since the increased competition in the market has allowed them to obtain cheaper insurance than before.

Large composite insurers have decided, in the main, to pass on the full cost of increased premiums to "bad risk" customers rather than to subsidise them by putting up premiums for other customers. Given the competitive pressures of the market, the insurers calculated that they would lose the good risk customers to the direct writers.

This is where the selectivity has come in. Many insurers have changed the way they rate risks, through measures such as postcode rating to identify areas of subsidence or higher than average crime.

However, most of the large composite insurers are back in the black after reaping the benefits of premium rate increases of an average 20 per cent per year in 1991 and 1992 in the home and motor market. Does this mean that premiums will soon come down for higher risk customers?

If too many companies are chasing too few good risks, premiums are likely to be driven down, which indicates that there should come a point where the less risky customers are no longer a profitable source of income.

Moreover, insurers are likely to find that they will need to be less selective if they want to expand their business.

There are already signs that the market is changing. Direct Line is this year to start issuing policies for "non-standard risks" to motorists and householders who find it difficult or expensive to obtain cover.

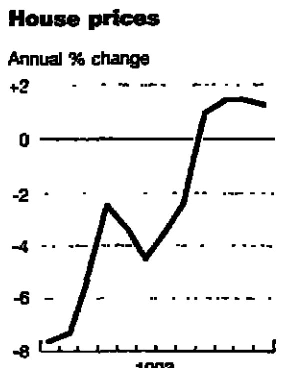
A number of companies have launched cheaper and less comprehensive cover for higher-risk customers as insurers question how much holders of home insurance policies value some of the extras – such as legal expenses cover or freezer contents insurance – offered as a matter of course.

Brokers, the insurance industry's traditional middle men, who were cut out by the direct writers, have ironically become more valuable than before. A good broker will know which insurers to contact for the higher risk customers.

In spite of the cherry picking, higher-risk customers should not despair that they are becoming increasingly uninsurable but should continue the time-consuming business of searching for the best insurance.

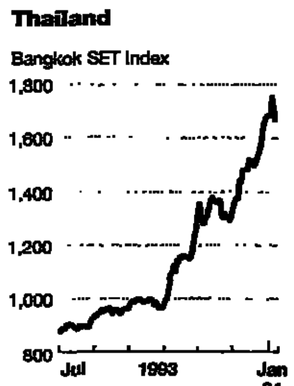
AT A GLANCE

House prices



Source: Halifax

Thailand



Source: FT Graphite

UK House prices up by 1.2% last year, says Halifax

House prices in the UK rose on average by 1.2 per cent last year, the first increase since 1990 and the highest annual rise since 1989, according to Halifax, the largest mortgage lender. However, the annual increase was less than half that reported by Nationwide building society, the second biggest lender, which found that prices last year had risen by 3.3 per cent.

Prices fell by 0.5 per cent in December compared with November according to Halifax but Nationwide reported a 0.8 per cent rise. Both societies expect the recovery to strengthen in 1994 and Halifax predicts house prices to rise by about 5 per cent over the course of the year.

Bangkok's tiger roars

The Bangkok stock market was one of the little tigers roaring loudest last year, gaining 88.4 per cent over the course of the year. It hit yet another new high at the start of this week, but the last few days have seen the market slip back on profit taking. The foreign money pouring into south-east Asian markets, particularly from US fund managers, is one reason behind Bangkok's performance, but local investors have also been looking for higher returns than those from bank deposits. The economy is growing strongly, at about 8 per cent, but shares, particularly in the banking, financial and property sectors, are already fully priced to take account of prospective earnings.

New trust focuses on Asia

Edinburgh Fund Managers is launching a new investment trust to specialise in smaller companies in emerging Asian markets. The New Tiger trust will invest in companies with a market capitalisation of less than $500m, mainly in Malaysia, Thailand, Indonesia, India, South Korea, China, the Philippines, Pakistan and Sri Lanka.

The fund aims to raise £50m through a placing and offer for subscription of shares at 50p, with one warrant attached to every five shares. The minimum investment is £1,000, and the annual charge will be 1.2 per cent.

Pep charges cut or waived

Fund managers are aiming to attract new investors looking for tax shelters before the end of the tax year by cutting or waiving charges on Peps.

Clerical Medical is cutting the initial charge on its unit trust Peps from 5.25 per cent to 2.5 per cent for lump sum investments of more than £1,000 made between January 10 and April 5. There are five unit trusts to choose from. Annual charges are 1.25 per cent on two of them, and 1.5 per cent on the others.

Finsbury Asset Management is waiving all charges on its Peps until further notice, and new Peps will be charge-free for their lifetime. Investors can choose from four Finsbury investment trusts.

Cheer for smaller companies

Smaller company shares have had a good start to the year. The Hoare Govett Smaller Companies Index (capital gains version) climbed 1.7 per cent to 1718.0 over the week to January 6.

Wall Street

It's party time – but will the Fed join in?

US investors started 1994 in confident fashion this week, buying enough stocks to push the Dow Jones Industrial Average through 3,800 for the first time. But the broader market missed out on the new year celebrations: the Standard & Poor's 500 barely moved.

The gains on the Dow, and the lack of movement in the S&P, indicates that investors are responding to the latest evidence of economic strength by pinpointing the shares of those companies likely to benefit most directly from the acceleration in the pace of business activity.

This move into stocks sensitive to the economic cycle was most evident in the impact the buying had upon transport issues. The Dow Jones Transportation Average – which includes airlines, rail, freight and road transport companies, all of which prosper alongside a buoyant economy – climbed 2.3 per cent in the first four trading days of the week, finishing Thursday's session at a record high of 1,802.21.

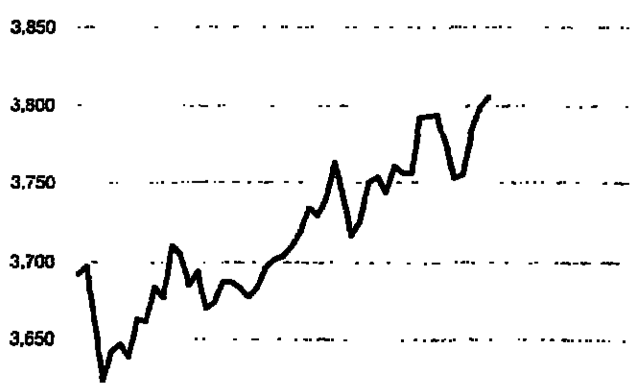
While transport and cyclical stocks climbed, other sectors languished. In particular, small and medium sized growth company stocks, and those sensitive to interest rates, are increasingly out of favour. These sectors tend to perform best when an economy is struggling to pull out of a recession.

This is because, in difficult economic times, investors seek out companies with earnings on a fast-growth track that is independent of the business cycle. They also invest in companies – such as utilities, banks and securities houses – which are most likely to gain from the decline in interest rates that usually accompanies a period of below-par growth.

Yet, the economy is now showing signs of considerable vigour and, in such a climate, the rate of earnings growth at the big industrial companies begins to catch up with growth rates of smaller growth-oriented companies, making the former group's stock look a more attractive buy. Also, a stronger economy brings the likelihood of higher interest rates, which takes the shine off utility companies, banks and securities houses.

There can be little doubt

Dow Jones Industrial Average



Source: FT Graphite

that the economy is growing, and quite rapidly. This week brought more good news in the form of an increase in the National Association of Purchasing Management's monthly survey of nation-wide manufacturing activity, in construction spending, and in factory orders.

There was also yesterday's all-important December jobs report. Although the headline number was below market expectations – non-farm payrolls increased by 183,000 last month, and not by well over 200,000 as analysts had forecast – the report gave investors the best of both worlds.

While the figures proved strong enough to sustain the belief that conditions in the labour market are improving (albeit slowly), the fact that they came in below market forecasts delighted the bond market, which had been troubled all week in case the jobs report was extremely bullish on the economy. Some analysts went so far as to say that the weaker-than-expected December employment report could delay any tightening of monetary policy by the Federal Reserve. Everyone expects the Fed to push up rates soon to dampen inflationary pressures in the economy, but the big question is when.

In the past, the employment report often has been the trigger for a Fed easing or tightening, and the thinking on Wall Street is that the Fed will wait to raise rates until it sees clear signs of dynamic growth in the labour market. Consequently, the stock market has at least another month's grace period, possibly more, before facing a possible rate hike.

How investors react when rates do rise is another matter. The answer depends on whether the many who have shifted out of short-term assets and into equities over the past three years are fickle enough to take their money out of the stock market at the first sign of an increase.

While there are some analysts who warn that many investors will be scared out of equities by rising rates, the majority believes that the flood of money into stocks since 1990 has been the result of changing demographics and attitudes, rather than a simple knee-jerk response to very low interest rates. Investors, the theory goes, have been buying equities for the long term, to save for their children's education and their own retirement.

It is a compelling argument. Yet, it will not be tested when the Fed makes its first move on interest rates because yields on short-term assets will have to rise substantially from present levels before they look an attractive alternative to stocks.

No, the real test will come when the Fed makes its second, third or fourth move on interest rates, and that could be as far off as 1995.

Patrick Harverson

Monday	3756.60	+	02.51
Tuesday	3783.90	+	27.30
Wednesday	3798.82	+	14.92
Thursday	3803.88	+	05.06
Friday			

The Bottom Line

Racy ratings in niche market

Capita Group, the UK's largest provider of management services to the public sector, this week announced a streamlining of its structure.

The group's market value has increased tenfold to £105m since flotation in 1989. It said the changes were designed to maximise the opportunities offered by the trend for local authorities and central government to privatise or "outsource" an increasing number of functions.

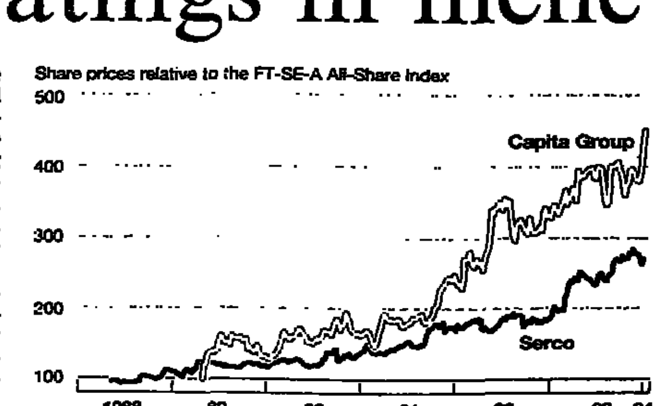
Capita - which started as a buy-out from the Chartered Institute of Public Finance and Accountancy - first offered consultancy and computer services and also collects council tax and business rates for some councils and pays benefit on their behalf.

The group has decided to merge three subsidiaries, Telecom Capita, an information technology services company; Capita Managed Services, which offers finance outsourcing; and Capita Management, a 50-per-cent-owned joint venture with Serco, another contract management company.

Capita Management uses computerised telephone systems to deal with sales and inquiries for personalised number plates on behalf of the Driver and Vehicle Licensing Agency. Since starting in October 1990, it has sold more than 200,000 number plates and raised more than £100m for the Treasury.

Capita is paying a nominal sum for its partner's share in the joint venture, but will continue to share profits with Serco, which was floated in 1988. Its market value has since increased more than seven-fold to £148m.

Serco was established in 1929 by RCA to service the US group's British cinemas, and was the subject of a management buy-out in 1987. This technical background is reflected in the group's current diverse range of activities, some 40 per cent of which is defence-related.



Source: Datastream

Since 1964, Serco has operated the RAF's Fylingdales missile early-warning station in north Yorkshire, and the group is also involved in traffic management and air traffic control.

Both Capita and Serco wish to avoid the fiercely competitive sectors, such as cleaning or security, which have been the target of other private contractors. The poor profit margins and low barriers to entry in these sectors have also proved difficult for BET, the business services group.

Capita has been more successful in this respect, since most of its employees are white-collar and are involved in revenue-generating activities for which it can charge good rates. Serco's profit margin is more modest, at just over 5 per cent, reflecting its involvement in less specialist activities, such as maintaining buildings and sports complexes.

This disparity is reflected in the relative performance of the two groups, although – as the chart shows – both have massively outperformed the market since flotation.

The extent of the outperformance – particularly in the last two years – is perhaps the best reason for counselling caution to any prospective small investor at these share price levels.

Both groups have a large and growing market, as outsourcing spreads from local authorities to the NHS and into the heart of central government. Both welcomed last month's announcement that most of the 144 government executive agencies will be opened up to private sector bids.

The catch is that there are few quoted companies through which investment institutions can invest in this growing area, and the share price of both groups reflects the relative scarcity of the stock.

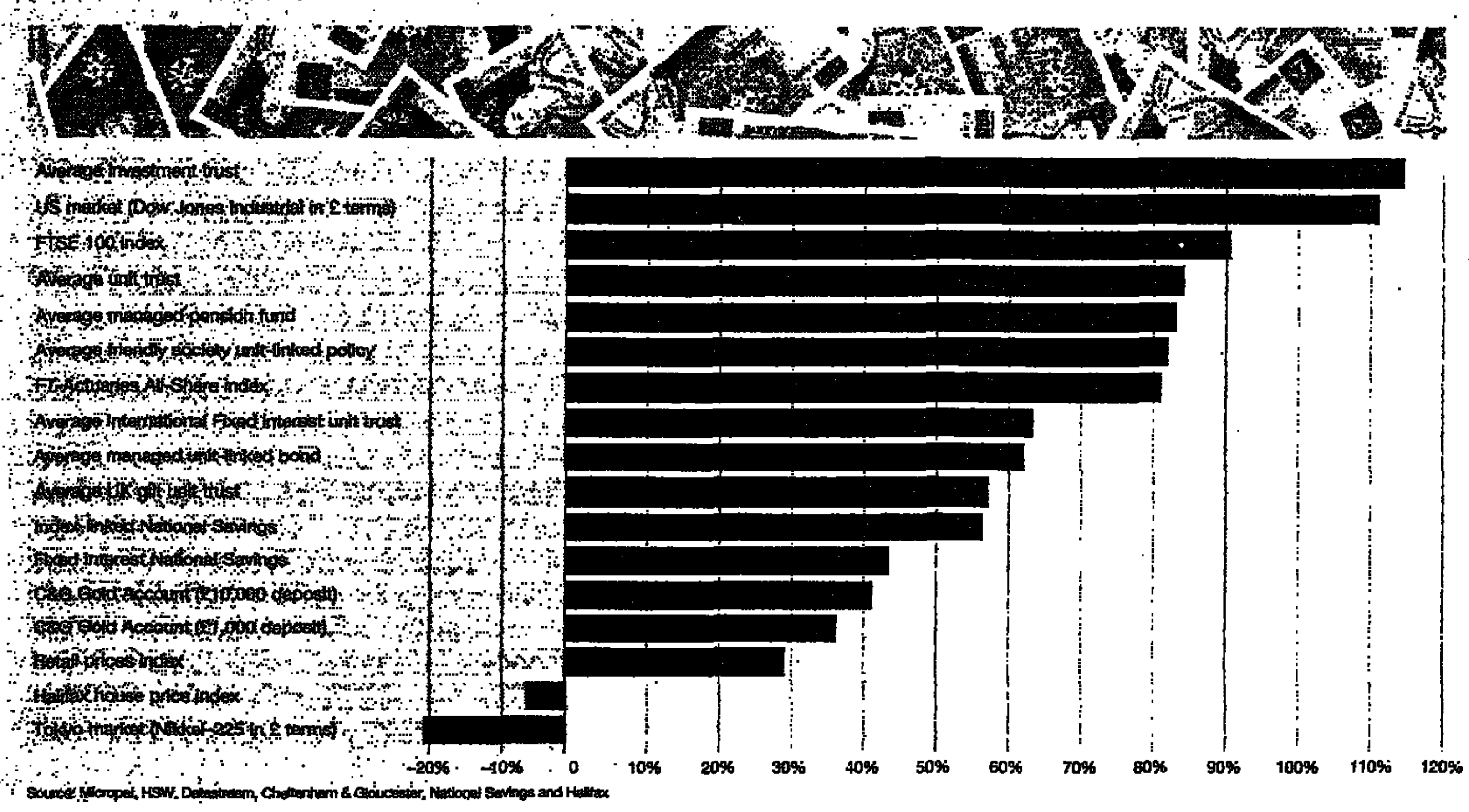
Capita's shares are selling on a multiple of 35 times historic earnings, while Serco's are on more than 30 times. Such sky-high ratings leave little margin for disappointment.

Both companies have achieved the high growth targets which they have set themselves, but the tender system means contracts have to be competed for again at regular intervals.

Fund managers will be glad to have such potentially interesting small companies in their portfolios, but it would be a brave small investor who climbed aboard the bandwagon.

Andrew Bolger

How your money performed (percentage change over 5 years)



Source: Micropal, HSW, Datastream, Cheltenham & Gloucester, National Savings and Halifax

How money was made

***Scheherazade Daneshkhu** traces a five-year record of investment highs and lows*

Investment is a gamble, and people deciding where to place their bets in 1994 may be tempted to look back five years to see if the roulette ball has fallen on their chosen numbers during that period.

The chart shows the performance of various investments in the five years to the beginning of this month, and is a yardstick against which the performance of an investor's portfolio can be measured; indeed, it could tell you where you should have invested five years ago.

The good news is that unless investors were heavily into the Japanese stock market, which recorded a sharp downturn in 1990, or relied on property, they will comfortably have beaten inflation to enjoy a real return.

It has not been the best five-year period for the more cautious, though. Investors in building societies and National Savings did not fare as well as those in equity-linked funds, although returns for those averse to risks still have been reasonable.

Take an investor in the fourth issue of National Savings index-linked certificates, providing a tax-free annual return of 4.04 per cent on top of the rate of inflation. They will have seen a rise of 56.56 per cent on their money with virtually no risk.

The Cheltenham & Gloucester compounded returns shown in the chart are net of basic-rate tax. They are lower than for the previous five-year period (January 1988-January 1993) because interest rates in the past year have been historically low at 5.5 to 6 per cent.

The stock market crash of 1987 was still at the back of investors' minds at the beginning of 1989, but foreign buying late in 1988 helped to push up the market.

The FT-SE 100 rose buoyantly from 1,793.1 at the end of December 1988 to 2,051.8 at the end of January 1989, and continued to rise on the back of busy corporate activity throughout the spring and summer.

The stock market indices are included as a guide – they reflect capital gains only and do not take re-invested income into account.

This means that although the average investment and unit trust (offer to bid, net income re-invested) has fared well, the returns are not strictly comparable with the market indices.

Investment trusts have shown strong returns over the period, helped by a substantial narrowing of the discount from an average of 21 per cent at the beginning of 1989 to 5 per cent at the start of this year.

Discounts have narrowed because of rising markets and strong demand from private individuals who have been attracted into the sector by personal equity plans and savings schemes.

The narrowing of discounts cannot be repeated on the same scale over the next five years and could indeed widen, since some investment trusts today stand at a premium to net asset value.

Returns in the future will instead depend on strong investment performance. The average figure quoted is a very rough guide to the sector; individual trusts show wide discrepancies in performance over the past five years.

An investor in the highest-performing investment trust over five years (EFM Dragon, which invests in the Far East, excluding Japan) would have enjoyed a return of 427 per cent while an investor in the worst trust (Gresham House) would have shown a loss of 95 per cent, according to Micropal.

Although investors in unit trusts appear to have done less well than those opting for an investment trust, the returns for investment trusts are shown on a mid-market to mid-market basis (with net income re-invested) and do not reflect the full bid-offer spread or brokers' commission.

The unit trust figures (offer-to-bid with net income re-invested) take all charges into account.

Despite the recent rally in gilts, investors in UK bond funds and international fixed-interest instruments fared less well than the average unit trust.

The average gain for someone holding a UK bond fund was 57.5 per cent (compared with 84.76 per cent for the average unit trust), while investors in the average international fixed-interest unit trust achieved returns of 63.6 per cent. The devaluation of sterling has contributed to the performance of this sector.

The UK indices show that there were good gains to be had over the period. But investors would have fared even better in the US, where they would have more than doubled their money. Once again, the performance of the US market is helped by the decline of sterling; the Dow Jones index rose by just over 73 per cent in dollar terms, but this mushrooms into a rise of 111.67 per cent in sterling.

The benign tax regime of investments such as friendly society bonds and managed pension funds contributed to their performance, as reflected in the average figures in the chart. Both investments are relatively inflexible, though; benefits from contributions into a pension fund can be drawn only on retirement age.

If you surrendered your friendly society policy early, you are likely to have got back only your premiums. Tax-efficient contributions into both a friendly society policy and a pension fund are limited – in the case of a friendly society, the maximum monthly contribution in 1989 was £9.

That was the year in which the property market began to falter. The Halifax house price index, which began in 1983, reached a peak of 228.5 in July 1989 – an 18 per cent rise on the previous 12 months. To cool the overheated economy and curb inflation, base rates went up to 15 per cent in October 1989.

Anyone who bought property at the beginning of 1989, for fear that they might not be able to afford a purchase later, will have made a loss, on average, of almost 7 per cent.

Unfortunately, past performance is not necessarily a guide to the future and investors, particularly those who do not intend to take a long-term view, will remain at the mercy of the investment roulette wheel.

Why the FT is making changes...

Saturday readers turning to today's share price listings will find a curious mixture of the strange and the familiar. The grey-on-pink columns look, at a glance, just as they always do – or, at least, as they have done since the tyography was changed a year or so ago. All the securities listed are exactly the same as before, and many of the sectors into which they are divided are also identical. Some sectors have split or merged, however, some shares have moved sectors, and the names of several sectors have been altered subtly.

Overall, it could take some time to adjust to the changes. To make the process easier, this issue also contains a two-page alphabetical listing of every security carried in the London Share Service, together with the name of the sector in which it now appears.

The FT has organised share prices by industry for years. Investors like to be able to make a quick estimate of how a share is doing in comparison with its industry rivals; putting them alongside each other in manageable sectors allows the price/earnings ratio or day's price change of, say, Glaxo to be compared easily with that of SmithKline Beecham.

None the less, arranging shares by sector does make it harder to look up a share for the first time. You must first make a guess at the heading under which it is likely to be found, then locate that on the page. In the worst cases, it could be necessary to scan several sectors before finding the right one.

This problem can be lessened by using accurate and carefully drawn sectors. For this reason, the *FT* changed a year or so ago from its traditional sectors (memorable for the number of stocks described as Industrials, Miscellaneous) to the classification used for the FT-SE Actuaries All-Share index.

That classification has now been through its first thorough overhaul in two decades to yield sectors that reflect more accurately the shape of today's market. Electricals and Electronics have been merged. Oil and Gas has been sub-divided, as has Health and Household. And each of the traditionally large grab-bag of Miscellaneous stocks has been given a proper home of its own.

The normal daily table reporting the All-Share also changes, of course, to show the new sectors. In the two-page alphabetical listing, those stocks that are constituents of the All-Share after the normal end-year changes are marked with an asterisk.

There is one other change to the London Share Service worth noting. Foreign stocks which are not part of the main classification – those categorised as Americans, Canadians, etc – have moved from the beginning of the pages to the end. The first sector listed is now Banks.

We regret any inconvenience caused to readers by the change of sectors, and hope it will be short-lived as the new structure becomes familiar. Users of the *FT's* financial statistics have had to cope with a number of changes in recent years. Although we believe the service to readers is improved, we are conscious that disruption to long-established habits brings its own costs. After these changes, we hope for a period of greater stability.

Peter Martin,
financial editor

■ *Fuller details of the changes to the All-Share classification appeared in Tuesday's and Wednesday's editions of the FT.*

FINANCE AND THE FAMILY

Slump in bonus payouts shows signs of easing

***Bethan Hutton** reports on the outlook for with-profits endowments*

Anyone hoping to pay off a mortgage with an endowment policy in 1994 will be watching closely the life insurance companies' announcements of this year's bonus rates.

Bonuses on with-profits endowments have been cut quite savagely in the past few years as insurance companies realised they could no longer afford to tap into their reserves to pay for past miscalculations. This year, the cuts are more modest and there are actually some increases.

The picture emerging from the handful of companies which announced their bonus rates this week (more are due within the next few weeks) is that anyone with a 10-year endowment maturing this year is looking at a lower payout than in previous years, while some holders of 25-year policies will face only marginal cuts or possible slight increases.

Actual bonus rates have been held to the same level as last year in some cases, but the final payouts are lower because policies maturing this year have accumulated fewer of the high bonuses of the 1980s.

The final payout on a with-profits endowment policy is made up of the sum assured and all bonuses. Reversionary bonuses, added annually, cannot be taken away once they have been given. Sometimes, reversionary bonuses are calculated in two parts: an ordinary bonus, which is a percentage of the sum assured; and a bonus on previous bonuses, so that growth is compounded. These build up over the life of a policy.

Finally, a terminal bonus is added to the policy when it matures, to pass on a share of any investment returns not already allocated with annual bonuses. Terminal bonuses can be more than 100 per cent of the sum assured.

With-profits endowment policies are, however, designed to smooth out investment returns over time. In a year when shares do well (most life funds are invested mainly in equities, along with some property and fixed interest securities), bonuses will usually be less than the stock market growth rate so that, in years when stocks do not do so well, a similar bonus can still be paid.

Actuaries have to guess what average investment returns will be over the life of the policy. If they get it wrong, and pay far too much for several years when actual returns are low, they will eventually have to compensate by paying too little when investment returns are better. This is what has been happening recently.

In 1990, bonuses were raised when they should have been cut. Bonus cuts and slightly better investment returns in subsequent years may not yet have quite compensated for the dent that made in reserves.

Cuts have slowed this year but the picture is not entirely rosy: most insurance companies say bonuses are likely to fall further in future, as high rates can no longer be justified in times of low inflation and expected lower investment returns. Larger cuts were prevented this year only because of spectacular stock market performance towards the end of 1993.

Bonuses on unitised with-profit endowments have also been cut by most companies this year, but they depend less on the discretion of the actuaries and more on the actual performance of the investment fund.

Some insurers have to be particularly cautious with 10-year payouts this year because there are larger than usual volumes of 10-year policies maturing. Life assurance premium relief was abolished in 1984 and many people rushed to buy policies before the deadline. Miscalculations this year could cost insurers more than normal.

Although returns from endowments are falling, insurance companies are keen to stress that, for a relatively low-risk investment, they still provide a respectable return above inflation, which has also been falling.

For example, a Norwich Union with-profits endowment taken out 25 years ago by a 29-year-old man paying £30 a month would now be worth £58,694, representing an annual yield of 12.9 per cent. A 10-year policy on the same basis is now worth £6,674, a yield of 11.9 per cent.

In comparison, £30 a month paid into a unit trust savings plan for the median UK equity income fund, starting 10 years ago, would now be worth £7,043, and £101,228 after 25 years (according to the Association of Unit Trusts and Investment Funds, and Micropal). If the money had been invested via a personal equity plan, those figures would be £7,724 and £146,993.

Of course, unit trusts do not provide any life insurance cover but many endowments, particularly 10-year policies, are taken out purely as investments with the life insurance element being a side issue.

Worries in recent times that some low-cost endowments would fail to pay off the mortgages they were intended to cover appear to have faded somewhat for policies maturing in this and the next few years. But if investment returns are low throughout the 1990s, that might present a potential problem to holders of policies from the late 1980s.

With-profit endowment policy 1994 maturity values

Insurer	10 year	change on year	25 year	change on year
AXA Equity & Law*	£6,734	-7.3%	£61,130	-2.8%
Clerical Medical	£6,537	-6%	£60,820	-1%
Friends Provident	£6,709	-2.5%	£61,636	+0.2%
General Accident	£6,567	-0.4%	£65,604	+0.2%
Norwich Union	£6,674	-4.5%	£58,694	+0.8%
Royal London	£7,198	-1.7%#	£62,014	-2.8%#
Scottish Life	£6,105	-2%	£63,252	+2%

Policies maturing on January 1, 1994, taken out by man aged 29, paying £30 a month. * As at December 1993. Terminal bonuses to be revised February 1994. # But unchanged from February 1993.

How to beat the fuel tax

With less than three months before value added tax is imposed on fuel, electricity companies appear to have realised the cash-flow benefits of letting customers pay in advance, so avoiding VAT.

Several regional companies are sending out information on the tax dodge with their quarterly accounts, and some have printed forms for customers who want to pay a lump sum in March to cover bills a year or two ahead. British Gas is not encouraging pre-payment but will accept it.

VAT will be charged at 8 per cent on domestic fuel bills – now zero rated – from April 1 and 17.5 per cent from the same date next year. But advance payments avoid the tax.

The savings from paying in advance outweigh the interest lost by taking your money out of the building society at present interest rates.

Maurice Fitzpatrick, a VAT specialist at accountant Chantrey Vellacott, estimates the return on paying in advance for two year's worth of fuel at about 10 per cent, compared with perhaps 3 per cent net from an average building society account. Higher-rate taxpayers could do even better than those on the basic rate, as their net returns from money on deposit are even lower.

It is probably worth paying in advance if:

■ You have money sitting on deposit at standard interest rates which you are not likely to need for anything else.
■ You do not intend to move house in the near future.
■ You use mainly gas and/or electricity.

If your electricity company has not made special arrangements, you will need to attach an explanatory letter to the cheque for your over-payment, to make sure it is dealt with as you intend.

If you are not intending to pay in advance, but receive an estimated gas or electricity bill this quarter which is lower than your actual meter reading, make a point of sending back the reply card and asking for your bill to be adjusted. This way, you do not end up paying VAT on fuel actually consumed before April.

The benefits to users of solid fuels are rather less clear-cut than for those of gas and electricity. Paying for two year's worth of heating oil before April would indeed avoid VAT – but few households have oil tanks large enough to cope with two year's supply. So, they would be paying for goods not yet delivered.

If you paid for a large amount in advance, but had taken delivery of perhaps only a third when the supply company collapsed, you would be left as an unsecured creditor, with little chance of recovering much of your money. Large privatised utilities stand less chance of going bust in the space of two years than small suppliers.

"It is all very well putting a deposit with a blue chip plc, but perhaps not so good putting a deposit with a local fuel oil company," says Fitzpatrick. "I think one would have to exercise considerable caution."

There is, however, every reason to refill your oil tank by the end of March rather than waiting for the autumn as you might do normally.

Bethan Hutton

The Week Ahead

On Monday when Tomkins reports interim results the market will be looking for reassurance about trading conditions for Ranks Hovis McDougall which the conglomerate acquired a year ago. Analysts are expecting pre-tax profits of about £87m (£47.1m) for the six months to end-October giving a dividend of about 1.95p (1.805p) on fully-diluted earnings of 5.1p (4.87p), not adjusted for share issues to finance the RHM acquisition.

The City will be particularly keen to hear the year-end results on Wednesday of First Leisure, the discos, bingo and bowling group. Its shares fell from 378p in March to 234p in November on fears of weak leisure spending by the public. The shares have recovered to 285p but the City is still looking for reassurance.

Analysts forecast pre-tax profits of about £32m (£31.1m) for the year to October and a final dividend of 4.7p (4.26p).

Rank Organisation reports preliminary results on Thursday amid speculation about the scale of the likely dent in the figures caused by the decision of its joint venture partner Xerox to cut its global workforce. Analysts are looking for pre-tax profits around £264m (£230.1m).

However, full-year results from TSB Group are likely to cheer the market. Figures are expected to recover on lower bad debt provisions. Analysts are forecasting pre-tax profits of £260m-£280m for the year to October 31 compared with £6m, re-stated from £43m to comply with new accounting rules.

PRELIMINARY RESULTS

Company	Sector	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Beckenham	Misc	Oct	4,200 L	(5,050 L)	-	(-)	-	(-)
Greenwich Resources	Mins	Sep	106	(897 L)	0.1	(-)	-	(-)
Osprey	Med	Sep	5,070§ L	(336 L)	-	(-)	0.1§	(0.65)
Torex Hire	C&C	Oct	97	(335 L)	0.67	(-)	0.6	(0.4)

INTERIM STATEMENTS

Company	Sector	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Abbey	C&C	Oct‡	2,650	(501)	2.0	(2.0)
Banks (Sidney C)	FdMa	Oct	2,060	(1,530)	3.5	(3.0)
Cassidy Brothers	Misc	Oct	541	(716)	0.75	(0.75)
Crabtree Group	InTr	Sep⚹	1,070	(-)	2.0	(-)
Dixons	Strs	NovΦ	17,300	(14,000)	1.7	(1.6)
Druck	Elec	Sep	2,080	(1,750)	3.7	(3.4)
Fleming Intl High Inc	InTr	Nov†	48.5	(39.8)	1.0	(1.0)
Pelican Group	H&L	Sep	960	(357)	-	(-)
Vardy (Reg)	Mtrs	Oct	3,510	(1,780)	1.4	(1.3)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L loss. † Net asset value per share. ⚹ Figures for 9 months. Φ Figures for 28 weeks. ‡ Figures in Irish pounds and pence. § Figure for 16 months.

RIGHTS ISSUES

Beckenham Group is to raise £1.09m via a 1 for 30 at 25p rights issue of 5.45m shares.

OFFERS FOR SALE, PLACINGS & INTRODUCTIONS

Beckenham Group is to raise £3.9m via a placing of 15.6m shares at 25p.
Edinburgh Fund Managers is to raise £50m via the placing and offer of 50p shares in the Edinburgh New Tiger Trust.
Thornton Pan-European Inv Tst is to raise £3m via a placing of zero div pref shares at 50p.

RESULTS DUE

Company	Sector	Anncmnt due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS					
Aberdeen Trust	OtFn	Monday	1.0	0.5	0.5
Barr (AG)	FdMa	Monday	1.75	4.75	1.75
Dewhurst	Elec	Tuesday	0.32	0.68	0.4
Dragon Oil	O&G	Monday	-	-	-
First Leisure	H&L	Wednesday	1.88	4.26	2.0
Hawtin	Text	Tuesday	-	0.89	0.25
Irish Continental	Tran	Wednesday	-	-	-
Kershaw (A)	Misc	Thursday	9.0	18.0	9.0
M & W	FdRe	Monday	-	-	-
Microgen Holdings	PP&P	Thursday	2.2	5.05	2.2
Neotronics Technology	Elec	Thursday	0.65	1.75	0.65
Quality Care Homes	H&H	Monday	0.15	0.75	1.5
Rank Org	H&L	Thursday	10.25	20.75	10.25
Stakis	H&L	Tuesday	-	0.45	0.45
Tomkins	Cngl	Monday	1.805	4.545	-
Treatt	FdMa	Monday	1.0	2.6	1.1
Tribune Group	InTr	Monday	-	-	-
TSB	Bank	Thursday	3.15	3.25	3.15
Watson & Philip	FdRe	Tuesday	4.2	9.1	4.4
INTERIM DIVIDENDS					
Barbour Index	BsSr	Tuesday	2.55	5.45	-
Birkdale	Med	Wednesday	-	-	-
Bromsgrove Industries	Eng	Wednesday	1.65	2.75	-
Clark (Matthew)	B&D	Thursday	6.75	10.0	-
Court Cavendish	OtFn	Friday	-	-	-
Cray Electronics	Elec	Thursday	0.5	1.0	-
Dixons	Strs	Wednesday	1.6	4.6	-
Dudley Jenkins	Misc	Wednesday	1.0	2.1	-
Ellis & Everard	Chem	Monday	2.25	4.8	-
Eurocamp	H&L	Friday	3.45	-	-
First National Finance	OtFn	Wednesday	0.5	-	-
Fleming Grd Inc & Assets Tst	InTr	Tuesday	4.63	-	-
Goode Durrant	Cngl	Wednesday	2.15	3.25	-
Hollas	Text	Tuesday	0.6	0.6	-
Howden	OtFn	Tuesday	0.75	1.45	-
Investment Co.	OtFn	Monday	0.5	1.0	-
Jacques Vert	Text	Tuesday	1.0	2.0	-
Jones Stroud	Elec	Thursday	3.3	5.5	-
Kelt Energy	O&G	Thursday	-	-	-
Nobo	Misc	Monday	1.5	3.3	-
Property Trust	Prop	Wednesday	-	-	-
PSIT	Prop	Tuesday	1.5	2.625	-
Saville (J) Gordon	M&MF	Wednesday	0.5	1.7	-
Smith (David S)	PP&P	Wednesday	2.75	7.25	-
Surrey Group	H&L	Thursday	-	-	-
VHE Holdings	C&C	Tuesday	-	-	-
Wyko	Eng	Thursday	0.5	0.5	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue. Reports and accounts are not normally available until about 6 weeks after the board meeting to approve preliminary results. ‡‡ = 3rd Quarter figures. ⚹ 1st Quarter figures.

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £ms**	Bidder
	Prices in pence unless otherwise indicated				
Bennett & Fount ‡	2*	3	4	2.10	Marlowe
Central Ind T/V	2600	2990	2188	758.00	Carlton Comms.
LWT	684	661	585	686.81	Granada

*All cash offer. ††Value of bid based on 80% sales. §For capital not already held. ‡ Unconditional. **Based on 2.30 pm prices 7/1/94. §§Shares and cash. †Value of bid based on remaining 20% of shares. ⚹Value of bid based on remaining 25% of shares. ‡ Net asset Value.

FINANCE AND THE FAMILY

East gives west a boost

*Hong Kong's growth has stimulated fund performance, says **Scheherazade Daneshkhu***

PRIZE - GIVING DAY

Do not be disappointed if your unit or investment trust is not included in the four tables (below) of the top collective funds over three and 10 years. Figures released this week by Micropal show that those heading the list are most likely to be highly specialist funds.

Take the unit trust tables: eight of the 10 funds listed over the two periods are in the Far East (excluding Japan) sector. Much of the growth has come from a sharp increase in Hong Kong; last year alone, the Hang Seng index rose by 115 per cent. Hong Kong is seen by many fund managers as the most exciting growth "opportunity" of the future because of the capitalist transformation of the Chinese economy.

It is, therefore, no surprise that the fund which has dominated the Far East (excluding Japan) sector is one invested mainly there. Gartmore Hong Kong heads both unit trust tables and was also the top-performing unit trust over five years (all figures to the beginning of January; offer to bid with net income re-invested).

There are, however, unlikely to be many private investors brave enough to have chosen Hong Kong as their main investment home. While being open to pent-up demand and economic reform in China, the colony's stock market is also vulnerable to internal Chinese politics and to Beijing's volatile relations with the west.

Still, anyone who had the foresight 10 years ago to invest, say, £5,000 in Gartmore's Hong Kong fund would have turned this into almost £59,000 today.

The two other top-performing unit trusts listed in the tables are both in the European sector. Baring European Growth has a strong long-term performance record and was managed for many years by the widely-respected Crispin Odey, who left in 1991. The fund has increased since then from about £260m to £480m, and is managed now by Omid Kamshad.

St James's Place is a three-man investment team which, apart from managing a range of unit trusts, also runs pension and life funds for J. Rothschild Assurance, the company established by Sir Mark Weinberg and Lord Rothschild.

The strongest performers among the investment trusts are from a wider variety of sectors but, once again, the specialists are not confined to the short-term performance tables. The investment trust figures are calculated on a mid-market to mid-market basis, with net income re-invested.

The top fund over 10 years – Capital Gearing – invests in the shares of other investment trusts and is a small fund with only £10m of assets. The second-best performer over the same period was the capital shares of the split-capital M&G Second Dual trust, which is due to be wound up in 1995. Capital shares are highly-geared and are regarded traditionally as risky investments, since they have no claim to the income of the trust but rely on performance to reap the remaining assets on wind-up.

The table does, however, include the more mainstream TR City of London and Law Debenture, both managed by Henderson Touche Remnant. Law Debenture is invested in a broad international spread of investments and is managed by Michael Moule, who was also TR City of London's fund manager until 1991. TR City invests mainly in blue chip UK stocks with the aim of producing a higher than average yield.

The three-year investment trust performance figures are, once again, led by an oddity. The ordinary shares of the split-level TR Technology fund are highly-geared. John Korwin-Szymanowski, investment trust analyst at S.G. Warburg, says this gearing has been created by the presence of zero dividend and stepped preference shares. The trust invests in high technology companies, mostly in the UK and US.

Murray Enterprise is a split-capital trust with an investment strategy of capital growth through investment mainly in unlisted securities. The other funds in the three-year investment trust table are in the Far East (excluding Japan) sector.

Scottish Asian was launched in 1990 by Murray Johnstone. Korwin-Szymanowski says it is differentiated from most Far East funds by the investment policies of Peter Montgomery, its manager. He has a reputation for preferring large weightings in markets he believes will perform well rather than a diluted portfolio.

Although most of the top-performing collective funds are specialists, it is reassuring to see the presence of well-established names. Murray Johnstone and Henderson Touche take the lion's share as managers of the top investment trusts, while the glory is spread more broadly among the unit trusts. Capel-Cure Asset Management, which featured prominently in the same exercise in the previous two years, is conspicuous by its absence this time round.

Funds which topped the tables this year will not necessarily do so in future. As recent articles by John Cuthbert in the *Weekend FT* have shown, investors need to examine the trade-off between the risks taken by managers and the returns they achieve.

Best unit trusts over 10 years		Best unit trusts over three years	
Trust	% growth	Trust	% growth
Gartmore HK	[illegible]	Gartmore Hong Kong	453.00
S&P SE Asia Growth	[illegible]	[illegible] Capital HK	393.83
Baring Euro Growth	[illegible]	Fidelity Asean	372.85
Invesco HK & China	[illegible]	J Capel HK Growth	360.95
St James's Pl [illegible]	[illegible]	Invesco HK & China	355.47

Best investment trusts over 10 years		Best investment trusts over three years	
Trust	% growth	Trust	% growth
Capital Gearing	[illegible]	TR Technology Ord	807.95
M&G 2nd Dual Cap	[illegible]	Murray Enterprise	428.66
Murray Smllr Mrkts	[illegible]	Scottish Asian	423.23
Law Debenture	[illegible]	Gartmore Emrg Pacif	379.89
TR City of London	[illegible]	TR Pacific	367.03

Bond funds

The table below shows unit trusts investing in predominantly UK fixed-interest securities. Such funds can choose from a fairly wide range of securities, including government securities (gilts), corporate bonds, convertibles and preference shares.

Gilts have performed extremely well recently as interest rates have dropped – yet Abtrust Fixed Interest, the best-performing fund in the table, holds none. Its portfolio is mainly convertible stocks (about two-thirds), with the rest in preference shares and higher-yielding Eurobonds.

Paul Reed, manager of the fund, says: "We went for convertible stocks where we could get an equity kicker for virtually nothing. The stocks would yield more than gilts and there would be an equity option in there, too."

Convertibles are corporate bonds combined with an option to be switched into equities under certain circumstances. When equity markets are doing well, this can add considerably to the performance of convertibles. But as soon as Reed starts to worry about prospects for the equity market, he will reduce his holding of them.

The higher yields available from corporate bonds make them attractive to fund managers despite their being regarded as more risky than gilts, the reasoning being that a company is more likely to go bust than the government. "If I can get a spread of 1.5 to 2 per cent over gilts in something else, and I like the credit, I will hold that rather than gilts," says Reed.

The BG Bond fund, second in the table, is about 61 per cent invested in gilts, with the rest in corporate bonds. When it was launched in April 1992, the fund held some overseas bonds, but those holdings have been sold and it is now invested wholly in the UK.

Mark Campbell, of Baillie Gifford, which manages BG Bond, says: "It is by no means a straight gilt fund. It will always tend to have a weighting in gilts, but we are quite happy to use other corporate and local authority bonds to give it that slight edge."

After such a good year for gilts, are they due for a fall? "Returns will be more modest in 1994 but there is scope for further gains," predicts Campbell.

Abtrust charges 5.25 per cent initially and 1 per cent annually, with a minimum investment of £500. BG Bond charges 5 per cent initially, 0.4 per cent annually, and is aimed at larger investors with a minimum of £5,000.

Bethan Hutton

10 highest performing UK bond funds

Fund	Size (£m)	Yield (%)	Perf*
Abtrust Fixed Interest	16.2	6.98	37.14
BG Bond	23.78	5.66	25.51
Exeter Balanced	7.25	4.4	24.8
Framlington Gilt	15.31	5.3	24.53
M&G Gilt Income	89.77	8.24	24.12
Edinburgh Pref Share	20.20	5.56	23.02
Whittingdale Gilt Growth	10.79	0.0	21.23
Guinness Flight Premium F.Int	12.4	7.53	20.89
Legal & Genl Fixed Int	1.4	5.83	19.66
Hill Samuel Gilt & F. Income	16.6	6.69	19.65
Sector average	21.0	5.69	14.67

FINANCE AND THE FAMILY

Diary of a Private Investor

Keep your eye on small companies

*This sector could still offer some bargains in 1994, says **Kevin Goldstein-Jackson***

Now that professional pundits, City gurus, newspaper columnists, astrologers and others have revealed their thoughts and forecasts for 1994, I feel much happier. Between them, there are enough variations to ensure that at least one will be as wrong as I was last year.

Making my 1993 predictions in December 1992, I was right in believing that interest rates would fall; some insurance companies would slash their bonus rates; the Conservatives would incur losses in the county elections; unemployment would remain high; and that while the government would show the economy was improving, "troubles" would break out in unexpected places overseas. I also hoped Taurus, the London stock market's electronic share settlement system, would be aborted - and it was.

But I was completely wrong in adopting a cautious stance towards the stock market. Although I expected people to seek havens for their money other than low-yielding bank and building society accounts, I failed to foresee the heights to which markets around the world (including the UK) would be pushed by the weight of money seeking large returns.

My stupidest comment of all was: "There will be many pitfalls for private investors in 1993 - including avoiding the shares of those ITV companies which have bid too high for their franchises and will have start paying for those bids." Yorkshire TV was 110p in January 1993 - but had risen to 156p by the end of the year, largely because of investors anticipating a shake-up in the television industry.

I also said that making significant profits would "depend largely on monitoring shares in small companies carefully, and taking advantage of any further major upheavals in currencies." While some small companies achieved spectacular returns in 1993, many major companies, which I had thought to be at optimum levels in 1992, still powered ahead to produce very attractive gains.

In an early draft of that article, I had included the comment: "Backing shrewd individuals, like Peter Buckley of Caledonia Investments, could also prove profitable in 1993." Unfortunately, I revised the article to exclude that (and other) comments and did not even take my own advice.

Caledonia Investments, 448p in January 1993, had risen to 624p by the end of the year. Buckley is also on the boards of Amber Industrial (which rose from 345p to 725p), English and Scottish Investors (up from 88p to 124p), Sterling Industries (126p to 200p) and the Telegraph publishing group (345p to 495p).

With such personal fallibility in mind, my expectations for 1994 undoubtedly will undergo much revision as the year progresses. At the moment, though, I believe there are still likely to be some bargains among small companies.

Many years ago, when first I took an interest in this sector, there were no hordes of unit trusts specialising in small companies. I could invest knowing that my fellow investors were, largely, other private investors (including board members of the companies concerned) and perhaps one or two pension funds (such as the Mars confectionery firm). Many of the shareholders were prepared to be patient and hold for the long term. But increased unit trust interest has changed my perception of many small companies.

Unit trusts are driven by what their investors want. If they decide suddenly that trusts specialising in, say, emerging markets are more interesting than small UK companies, then they will switch to these. The only way trust managers can repay those switching investors (apart from attracting new ones to replace them) is to sell some of the trusts' small company holdings.

Share dealings in a number of small companies are not exactly easy at the best of times: share liquidity can be difficult, as some of them are not traded actively. If a unit trust has to sell a holding of 1 or 2 per cent (or more) of a small company, this could have a disproportionate effect on its share price, as the shares might have to be marked down substantially before buyers could be found for most of them. I intend to watch for any such sharp mark-downs; they could reveal excellent buying opportunities.

In 1993, some of the emerging markets' unit trusts achieved massive gains, and I expect many more people to be attracted towards such trusts early this year as those gains become known more widely. In some of those countries, however, "share ramping" is not uncommon.

Several people combine to push up a share price in the expectation that others, believing the company has excellent prospects, will invest and drive the price still higher. The original group then sells its shares at a fat profit before serious doubts can be raised about the relative worth of the company and its price falls back.

Although there has been much recent comment about the UK emerging from recession and January sales setting records at certain shops, I am not rushing to buy shares in the store sector. Sales may well be up - but what about profit margins?

The recession has made many more people seek value for money. It has also led a number to discover a social conscience. In the main, conspicuous consumption is no longer fashionable, apart from some of the newly-rich in Hong Kong. Even there, as 1997 approaches, more people may start to think about the parallels with Shanghai in the 1920s and some of the events that followed.

I shall, therefore, seek out those companies world-wide which provide goods and services that are seen to offer value for money, as their shares ought to perform better than others.

I will also be searching for companies that provide something new and exciting. What will be the latest technological innovation - the useful something that people feel they must have?

This year could be full of surprises. I hope I will be daring enough to profit from them.

Beating pension costs

The shortcomings of personal pensions have been reported widely, especially the high commission charges which lead to lower transfer values or future pay-outs. For equity-based schemes, fund management charges also can be substantial.

When I left a public sector scheme in December 1985, I took a lump sum transfer into a unit-linked personal pension. The transfer took effect in mid-1989; soon afterwards, the insurance company involved increased its management fees. It claimed it needed to cover extra costs imposed by the Financial Services Act of 1986, which was implemented in 1988.

The annual charge went up from 0.5 to 0.75 per cent on the company's building society deposit fund, while the increase for other funds was from 0.75 to 1 per cent. Thus, a pension valued at £100,000 incurred fund management charges of up to £1,000 a year. I decided this could be avoided by investing directly in deposit accounts and in investment trusts which had lower management costs.

After investigating several options, I transferred the personal pension into a small self-administered scheme (SSAS) in December 1992. The costs (for the insurance company's administrative fees and auditing) were lower than the fund management charges for the personal pension.

Since I had a considerable time to retirement, I hoped the performance of the SSAS would match that of fund managers, who are constrained by monthly comparisons.

As a professional economist, I reasoned that my strengths lay in assessing economic trends and sectoral prospects but that others might be better at selecting companies. So, I decided investment trusts could be used to complement my skills.

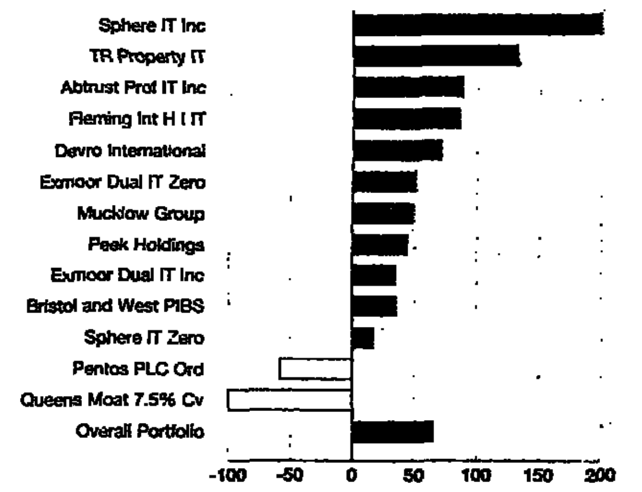
Acting as my own investment manager, I use Fidelity Brokerage on an execution-only basis. I monitor the portfolio weekly, using Fairshares software, and prepare the accounts on Sage Accountant. These tasks can be fitted in with other activities, but a SASS would be less attractive if it had to be charged at market rates.

Late in 1992, the property sector was identified by investment managers as due for a substantial re-rating so I bought Artesian Commercial, an unquoted company; TR's Property Investment trust; and Mucklow Group, the property investor and developer.

Since a marked reduction in medium-term interest rates also was expected, this increased the attraction of the income shares of split capital investment trusts. These provide a geared return under such circumstances and, as a bonus, they offer excellent yields.

McClements' portfolio

Percentage changes, 1993



Most of the SSAS equity fund was invested during the early months of 1993 and, since it has now been operating for a full year, its initial performance can be assessed. The property recovery and reduction in interest rates have been more rapid than expected: the portfolio valuation is 59 per cent above its starting value a year ago. This compares with a 23 per cent increase in the FT-A index and poorer performance in my executive unit-linked pension schemes.

The equity fund consists of 14 companies plus a money market bank account. Individual returns range from an increase of 197 per cent in Sphere IT Income shares to a likely loss of 100 per cent in Queens Moat 7.5 per cent Convertible Preference shares (see chart).

Pentos has proved a big disappointment, but good profits were made during the year on Japanese and emerging market investment trusts warrants. Only 4 per cent of the fund was in cash at the year-end.

Was the 59 per cent return beginner's luck? I think not, since the changes were foreseen but happened more rapidly than expected. In the coming year, I plan to consolidate my gains as interest rates bottom out. Most of the investment trust income shares are still giving very good yields, but the portfolio is vulnerable to a rise in inflation and higher interest rates.

I will also continue to look for sectors with recovery potential - property development, construction and oil exploration are possibilities.

Leslie McClements

■ *Leslie McClements is an economic consultant.*

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Bilton	Prop	2,140	14	1
Blenheim Group	Med	15,000	47	1*
BPB Industries	BdMa	30,000	105	1
Bradstock	Ins	65,000	95	1
British Data Mngmt	Supp	200,000	424	1
British Gas	GasD	27,820	99	1
Capital Radio	Med	7,500	21	1
Crossroads Oil Grp	Oil	950,000	157	1
Delta	Elcs	3,000	14	1
EMAP	Med	4,256	17	2
Enterprise Oil	Oil	12,306	56	1
Glaxo	Phar	136,497	954	1*
Grand Metropolitan	Spir	256,880	1,228	2*
Grand Metropolitan	Spir	11,576	54	1
Hambros	Merc	70,000	279	1*
H'land Distilleries	Spir	40,000	142	1*
Lincoln House	Hous	121,106	36	1
Lloyd Thompson	Ins	50,000	131	1
Lynx Holdings	Supp	100,000	42	1
MAI	OthF	50,000	131	1
Norcros	BdMa	15,000	29	1
Persimmon	BdCo	71,621	218	1
Premier Land	Extl	500,000	33	1
Reed Intl	Med	15,000	133	1
Reuters Holdings	Med	12,095	218	2*
Seton Healthcare	Hlth	100,000	310	1
Severn Trent	Watr	15,367	92	1
Sheldon Jones	FdMa	491,278	214	1
Southern Water	Watr	3,000	20	1
Standard Chartered	Bank	93,058	1,133	1*
Telegraph, The	Med	13,333	62	1
Tinsley Robor	PP&P	125,000	29	1
VTR	Med	10,000	12	1
Warburg (SG)	Merc	101,546	962	1*
Wates City of Londn	Prop	200,000	176	1
Wessex Water	Watr	12,000	88	1
Wimpey (George)	BdCo	600,000	1,086	1
PURCHASES				
Bernard Mathews	FdMa	125,000	98	1
Booker	FdMa	6,000	25	2
British Thornton	PP&P	50,000	90	1
Carlton Comm	Med	2,500	22	1
CityCntr Restaurant	L&Ho	23,000	19	1
City of Oxford Inv	InTr	50,000	51	1
European Mtr Hldgs	Dist	15,000	21	1
Fairway Group	PP&P	25,000	18	1
Greggs	ReFo	1,940	13	1
Hampden Group	ReGn	100,000	17	2
Holliday Chemical	Chem	25,000	40	1
MEPC	Prop	3,616	20	3
National Home Loans	OthF	100,000	31	1
Reliance Securities	Supp	10,000	11	1
Scottish Eastern	InTr	50,000	43	1
Triplex Lloyd	Eng	10,000	13	1
Ulster Television	Med	10,000	51	1
WSP	Supp	52,000	18	1

Value expressed in £000s. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 20 - 31 December 1993.
Source: Directus Ltd, The Inside Track, Edinburgh

Directors' transactions

In spectacular market conditions, it is hardly surprising to see the volume of selling rise sharply - not just the number of trades but also the cash value of those sales.

Dr Desmond Graves, director of construction company George Wimpey, appears again with two separate sales, each of 300,000 shares. Graves sold two tranches of stock totalling £750,000 at the beginning of the month, so the latest reduction takes his sales to 1.35m shares. Since he now holds just 270,000, clearly that is a very significant divestment. Wimpey has been one of the weaker performers in the construction sector but is back in the black after last year's loss.

Another stock in the same sector, Persimmon, was also affected by some selling. Michael Allen, the deputy chairman, disposed of 71,621 shares at 305p, reducing his holding to just over 200,000.

In contrast to Wimpey, Persimmon shares performed well last year and have risen by almost 40 per cent against the market over the past 12 months.

A good deal of the selling has been option-related. A number of deals stand out, not least Standard Chartered where recovery has been particularly strong. David Moir, director of banking for the Asia Pacific region, exercised an option over 93,000 shares, selling them all at £12.18. Since mid-November, four directors have exercised options over large tranches of stock and sold the resulting holdings.

Two directors in Grand Metropolitan, including Sir Allen Sheppard, the chairman and chief executive, also exercised large options in Grand Metropolitan and sold the lot.

Colin Rogers,
the Inside Track

News in brief

London-based private bank Leopold Joseph is launching an index-matching investment service for private clients and small institutions. The aim is to answer to what it claims is general underperformance against the stock market indices by private client portfolio managers.

Its Optimised Investment Service will invest in index-tracking unit trusts, covering UK and overseas markets, rather than individual shares. Portfolios also will include deposits and bonds on an individually-tailored basis. The minimum portfolio is £250,000.

The service adopts a largely "buy and hold" strategy in order to minimise the expenses of transactions. The annual management fee starts at 0.75 per cent up to the first £1m, with a £2,500 minimum.

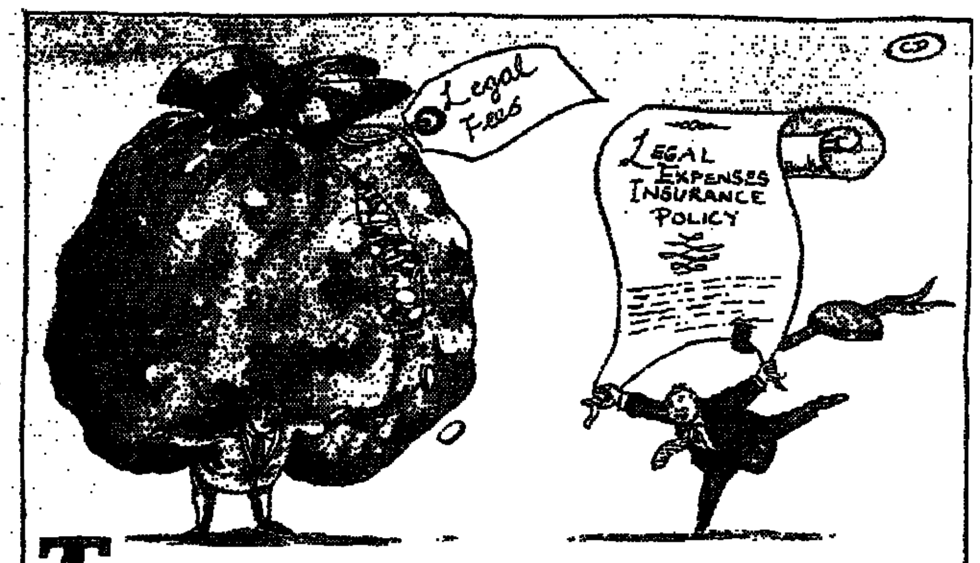
□ Waters Lunniss, the stockbroking arm of the Norwich and Peterborough building society, has reduced charges on its Brokerline execution-only telephone dealing service. Commission on deals worth up to £5,000 is 1 per cent (£17 minimum) and 0.1 per cent on the balance over £5,000. Previous charges had been 1.2 per cent on the first £2,500, 1 per cent on the next £2,500, and 0.1 per cent on the balance over £5,000. A customer will save £5 on a deal worth £2,500.

□ Friends Provident is extending its personal equity plan from the Stewardship unit trust to all its qualifying unit trusts: Equity, European Growth and Stewardship income trust. The initial charge is 5 per cent while the annual fee is 1¼ per cent for the Stewardship funds and 1 per cent for the others. Minimum investment is a £1,000 lump sum or monthly contributions of £40.

FINANCE AND THE FAMILY

Cover against the law

***Catrin Griffiths** on the benefits of insuring against litigation costs*



THE FULL WEIGHT OF THE LAW

Few companies ever want to call in the lawyers unless there is no alternative; indeed, an unwanted suit can be especially damaging for smaller businesses struggling to stay afloat.

But with solicitors charging up to £300 an hour, and fees for barristers running into thousands of pounds, legal expenses insurance – where a company will cover itself against the financial losses litigation might entail – begins to look ever more attractive.

Although this type of insurance is often associated with motor and household policies, where it can be tacked on as an added extra, one of the biggest growth areas has been in policies tailor-made for companies. These now account for about £25m of the total £75m market in the UK for legal expenses insurance.

"Last year was a boom year for legal expenses insurance," says Paul Asplin, assistant general manager of Bristol-based DAS, a leading specialist insurer which recorded a 28 per cent growth in premium income last year.

In spite of this growth, the choice of insurers from which to pick a policy is not vast – unlike the Continent, where legal expenses insurance is a long-established market.

There are two leading players in the UK which provide general cover for companies. One is DAS, a subsidiary of the Düsseldorf-based Victoria Group which is a major German composite insurer. The other is the Legal Protection Group Ltd (LPG), a subsidiary of Sun Alliance, which operates from Sutton, in Surrey.

The lowest premiums available are about £100 for the most basic cover, but more standard is a package that costs about £500. As Douglas Macdonald, sales and marketing manager of LPG, points out: "If an hour's worth of a lawyer is £250 now, then a company can get that for a year's premium."

The standard package usually has two elements; advice (in the form of a legal helpline) and insurance. The helpline is intended to act as a "smoke detector" and is likely to provide smaller businesses with many of the benefits of an in-house lawyer.

Employers are encouraged to use the telephone as much as possible to nip potential problems in the bud. LPG's 24-hour advice line has 19 full-time advisers, while DAS gets 100,000 calls a year on its service. Many are related to employment problems and the correct procedures that should be followed. "Typically, it's a boss with a small business worried about getting rid of someone," says Macdonald.

In fact, most legal expenses policies oblige you to consult the helpline before taking action which could lead to dismissing anyone. (If you do not, you will not be covered).

The insurance packages

> *'Typically, it's a boss worried about getting rid of someone'*

themselves are flexible enough; most policies enable you to mix and match. They should include general cover for such risks as fees, expenses, witnesses' attendance at court hearings, and costs awarded against you.

Typically, these risks take in contract disputes (where you can sue if a supplier fails to meet required specifications); the costs of defence (should mistakes lead to criminal prosecutions being brought); property problems (relevant to those leasing or sub-letting); tax proceedings and VAT disputes. Some, but not all, policies provide further cover for race and sex discrimination proceedings, or breaches under the Data Protection Act. This can add another £50 or £60 to the premium.

So, how much does this cover you for? Indemnity limits tend to be flexible, set typically at £50,000, £100,000 or £250,000 a claim.

Although the insurers may advise you to go for the upper limit, it is probably best not to take caution too far; the standard limit for which policyholders opt is £100,000.

If, however, you are the awkward litigant, you should not necessarily regard legal expenses insurance as a blank cheque. The excesses on the contract disputes cover can vary from £500 on DAS, while the LPG's minimum excess on contract cover is £1,000. This will not cover the niggling disputes that bedevil so many smaller businesses.

Nor will any crusading zeal on your part convince the insurance company to cover you in a claim it regards as hopeless. There is a small but significant clause which states that you must have a "reasonable prospect of success".

"If it's better than a 50-50 chance, we're quite happy with that," says Macdonald. But it should be remembered that the insurer decides what constitutes a "reasonable" prospect, although certain arbitration procedures are built in. "If we can't see eye to eye, we get an independent lawyer to give a report," says Asplin.

Even if you never see the inside of a courtroom, £500 is probably worth a bit of peace of mind for many smaller businesses. After all, the helpline alone is cheaper than your own in-house lawyer.

■ *Catrin Griffiths is deputy editor of Legal Business*

HIGHEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/ term	Minimum deposit	Rate %	Int. paid
INSTANT ACCESS A/cs						
Coventry BS	Extra Interest	0203 252277	Instant	£1,000	6.50%B	Yly
Skipton BS	High Street	0756 700511	Instant	£2,000	6.75%	Yly
Britannia BS	Capital Trust	0538 391741	Postal	£10,000	6.60%	Yly
Coventry BS	Extra Interest	0203 252277	Instant	£25,000	7.10%B	Yly
NOTICE A/cs and BONDS						
Bradford & Bingley BS	Direct Notice	0345 248248	30 Day	£1,000	6.35%	Yly
			Postal	£10,000	6.85%	Yly
B & W Asset	Asset 90 Day	0800 303330	90 Day	£25,000	7.30%	Yly
Chelsea BS	Base Rate Plus II	0800 272505	1.4.95	£5,000	7.50%A	Yly
MONTHLY INTEREST						
Coventry BS	Extra Interest	0203 252277	Instant	£1,000	6.30%B	Mly
Bradford & Bingley	Direct Notice	0345 248248	30 Day P	£10,000	6.65%	Mly
Coventry BS	Extra Interest	0203 252277	Instant	£25,000	6.85%B	Mly
B & W Asset	Monthly Income	0800 303330	90 Day	£25,000	7.07%	Mly
TESSAs (Tax Free)						
Hinckley & Rugby BS		0455 251234	5 Year	£25	7.75%	Yly
Dudley BS		0384 231414	5 Year	£10	7.57%	Yly
Dunfermline BS		0383 721621	5 Year	£3,000	7.55%	Yly
West Bromwich BS		021 525 7070	5 Year	£150	7.50%	Yly
HIGH INTEREST CHEQUE A/cs (Gross)						
Caledonian Bank	HICA	031 556 8235	Instant	£1	5.00%	Yly
Chelsea BS	Classic Postal	0800 717515	Instant	£2,500	6.00%	Yly
				£25,000	6.60%	Yly
Northern Rock	Current	0800 591500	Instant	£50,000	6.13%	Mly
OFFSHORE ACCOUNTS (Gross)						
Woolwich Guernsey BS	Woolwich Intl	0481 715735	Instant	£500	5.75%	Yly
Confederation Bank (J'rsy)	Flexible Inv	0534 608060	60 Day	£10,000	6.30%	½Yly
				£25,000	6.80%	½Yly
Derbyshire (IOM) Ltd	90 Day	0624 663432	90 Day	£50,000	7.30%	Yly
GUARANTEED INCOME BONDS (Net)						
Consolidated Life FN		081 940 8343	1 Year	£2,000	4.30%	Yly
Prosperity Life FN		0800 521546	2 Year	£25,000	4.78%	Yly
Financial Assurance FN		081 367 6000	3 Year	£50,000	5.20%	Yly
Financial Assurance FN		081 367 6000	4 Year	£50,000	5.65%	Yly
Eurolife FN		071 454 0105	5 Year	£3,000	6.00%	Yly
NATIONAL SAVINGS A/Cs & BONDS (Gross)						
	Investment A/C		1 Month	£20	5.25%G	Yly
(w.e.f 29/1/94)	Income Bonds		3 Month	£2,000	6.50%H	Mly
	Capital Bonds H		5 Year	£100	7.25%F	OM
	First Option Bond		12 Month	£1,000	6.00%I	Yly
NAT SAVINGS CERTIFICATES (Tax Free)						
	41st Issue		5 Year	£100	5.40%F	OM
	7th Index Linked		5 Year	£100	3.00% +Infln	OM
	Childrens Bond F		5 Year	£25	7.35%F	OM

This table covers major banks and Building Societies only. All rates (except Guaranteed Income Bonds) are shown Gross. Fixed = Fixed Rate (All other rates are variable) OM = Interest paid on maturity. N= Net Rate. P= By Post only. A = Rate guaranteed to be 1.5% above base rate (min 7.5%) until 2.4.94 and then 1% until maturity. B = 10 days loss of interest on all withdrawals. Rate guaranteed to 28.2.94. G = 5.75 per cent on balances of £500 and over; 6.00 per cent on £25,000 plus. H = 6.75 per cent for balances of £25,000 and over. I = 6.40 per cent on balances of £20,000 and over. Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Laundry Loke, North Walsham, Norfolk, NR28 0BD.
Readers can obtain a complimentary copy by phoning 0692 500677.

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All enquiries will be answered by post as soon as possible.

CGT and land

My wife and I own jointly a house and three acres of land, purchased in 1985, which is a registered agricultural holding and on which I have sometimes kept livestock. The Revenue has records of this, albeit the venture ran at a loss and was not my primary occupation.

The land has been allocated recently in the unitary development plan for residential development and I would wish to mitigate any liability towards capital gains tax.

1. Would roll-over relief be available into other agricultural premises?

2. When does the land assume an enhanced value: (a) when allocated; (b) when the UDP is adopted formally? or (c) once planning permission is obtained formally?

I am told the land will be adopted formally in around six months. Would there be any benefit in any form of disposal at present – perhaps to buy a pension for ourselves or to benefit our children?

■ 1. The answer appears to be no, from the bare facts given. If the accountant who prepared your farming accounts cannot help you on the tax aspects, you could ask your solicitor (whose services you will need in any event, it seems, when a sale is in prospect).

2. At every stage, there is an increase in hope value, generally speaking. Financial planning really needs a face-to-face discussion with your solicitor or another professional adviser. There is no useful comment that we can offer without knowing far more background facts and figures than could be supplied by post.

Mortgage relief

Where tax relief on mortgage interest is given under Miras, can the gross interest be deducted from income for the purpose of establishing whether any higher rate tax is payable? I am, of course, aware that relief from higher-rate tax is not given on the mortgage interest.

■ No, your higher-rate liability for 1993-94 will be calculated as though you had no mortgage.

Section 369 of the Income and Corporation Taxes Act 1988, as amended, says:

"(3A) In computing for the purposes of excess liability the total income of a person for any year of assessment, no deduction shall be allowed in respect of any amount of relevant loan interest to which this section applies.

"(3B) In this section, 'excess liability' means the excess of liability to income tax over what it would be if all income tax not chargeable at the lower rate by virtue of section 1(2)(aa) were charged at the basic rate, or (so far as applicable in accordance with section 207A) the lower rate, to the exclusion of any higher rate.

Rewards of the door-to-door salesman

***Peter Marsh** meets Mike Shirley who gave up cabbage picking to sell double glazing. He earns £80,000 a year and loves his work*

It is a cold December morning and Mike Shirley is at work, knocking on people's doors. He is outside a big, solid house in Nottingham. Plenty of windows, paintwork wearing thin. Just the place to sell some double glazing.

Someone is in. Shirley is polite and to the point: he will be in the area again tomorrow and has a slot in his diary. Would the lady and her husband like an appointment to discuss having their windows replaced?

Shirley loves his routine. He is one of Britain's most successful double-glazing salesmen, his main tools are the leaflets under his arm, the samples of glass and plastic in the boot of his Volvo, an indefatigable nature and an interest in psychology.

As well as selling, Shirley also has to supervise 10 sales representatives who also work his area of the east Midlands. These people, Shirley included, are self-employed and earn no basic salary. All their earnings are related to sales.

Shirley's wages are worked out according both to his performance and that of the men under him. This gives him an incentive to keep them motivated through schemes which he organises – including prizes for the "salesman of the month" and weekend trips to encourage a team spirit.

The strategy seems to work. Shirley earns up to £80,000 a year – not bad for a 36-year-old former army gunner turned vegetable picker who moved into double glazing 10 years ago. But to maintain this level of earnings Shirley, who has five children aged between six and 18, works 80 hours a week.

Shirley and his men work for Everest, one of Britain's biggest double glazing companies. This supplies them with promotional literature and basic training – and leaves them to get on with selling its windows, doors and related products from their homes. The strategy makes sense for the company, cutting out overheads such as offices, phone rentals and secretaries, and may also be good for consumers, who pay less for their products.

In Britain one in eight people in work is self-employed, compared with one in 14 in 1979. Some argue that rewarding people solely on the basis of sales or production figures can be demeaning and cause individuals to work too hard. But Shirley has no complaints. He says self-employment gives him not only job satisfaction but "total control" over what he earns.

A double-glazed look: Mike Shirley knocks on up to 40 doors a day, works 80 hours a week and once stayed up all night to clinch a £21,000 deal

Empics

Shirley moved into the window business after tiring of his back-breaking work picking cabbages. He used a phone box to respond to a newspaper advertisement for salesmen. He was told to ring again when he had a phone at home. "I went out and got one," says Shirley. "It forced me to sort out priorities."

Shirley knocks on up to 40 doors a day, travelling an average of 140 miles in his "patch" which is centred on Grantham.

He is a keen student of behaviour. "Before you sell to anyone, you've got to sell yourself, make them feel comfortable," he says. "You've got to be able to 'read' them, understand their body language. Every day you learn something new."

Selling, says Shirley, is a "numbers game". Over time – assuming a salesman is working at full potential – a set level of sales will follow a specific number of calls.

On average, says Shirley, for every 13 doors he knocks at, he arranges one appointment. Allowing for half of all appointments falling through, one in every 2.5 appointments leads to a sale – of average value about £2,500. Shirley is proud that his sales to appointments ratio is better than the Everest average of one to three. More than two thirds of his business comes from knocking on doors or following up other contacts, the rest mainly from people responding to company advertisements.

Shirley can be persistent. His biggest success came a year ago when he persuaded a well-heeled grandmother to buy £21,000 of double glazing. To clinch the deal he stayed up all night, talking to her and her daughter for 12 hours non-stop and got home at 6.30am.

"Taking someone from being a definite no to a definite yes can be thrilling," he says. "You have to push yourself beyond your comfort levels. At the same time you have to think positively and not be put off by failure."

There are things he will not do. Asked about the "strong arm" sales tactics which have given the double glazing industry a bad name, Shirley gives a withering look. Everest's code of practice forbids such methods and they act against his interests. "I'm not going to sell anyone anything they don't want. We want customers to recommend us to their friends: they're not going to do this if they are unhappy."

A big part of his job is linking up with the 10 people in his sales group. He says his training as a tank gunner helps him appreciate team work. Shirley sees one of his "reps" every day, normally for lunch, and meets them all every Monday in a Newark hotel. "I recruit them, I'm a shoulder to cry on, sometimes a marriage guidance counsellor," he says.

To "incentivise" his team, he digs into his own earnings for prizes such as £300 worth of Marks and Spencer vouchers for the person with most sales over a month. In 1993 he spent about £6,000 on promotional schemes and incentives.

All this effort pays off. During 1993, in spite of the recession, Shirley's team sold just over £1m worth of double glazing, a new record for the Grantham area. His own share of the sales were about a quarter. This put Grantham in eighth spot out of 110 in the Everest "league table" of UK sales regions.

The financial rewards have given Shirley and his family a comfortable life-style: they live in a tastefully converted 18th century barn in the countryside with views of Lincoln Cathedral. The house is double-glazed and acts as a showroom as well as an office. His wife, Kim, does a lot of the paperwork: sales figures have to be faxed to Everest's head office three times a week.

He admits work has become an obsession, not just for the material rewards but because of his need to compete and for the sense of recognition that doing well for his company gives him. "My home is my office, my home is Everest, Everest is me," he says. "I'm proud of what I do. But I wouldn't influence anyone to work as hard as me."

Computing/Jean Miles

Love affair with a mouse

I have learned to love *Windows*. The *Windows* operating system must be one of the most successful marketing devices in the history of commerce. It is an "environment" to be loaded into memory after your computer has loaded DOS, its own perfectly good operating system.

In order to run *Windows* successfully, you will need a new computer with a fast processor and plenty of memory. If you don't have one, you might as well get a colour monitor so that you can enjoy the tartan wallpaper desktop design. You will certainly need a mouse to push around on your desk.

Thus equipped, you are ready to go out and buy *Windows* programs to do the work you are doing already.

Why? Because *Windows* is fun, that's why. Pushing a mouse around, clicking here and there, makes you feel powerful and authoritative. You have to take one hand off the keyboard for mouse control purposes. You might as well take the other hand off as well and relax into some really creative time-wasting.

Windows was supplied with the computer I bought in 1992, as it is with almost all personal computers sold today. But I was slow in getting to grips with it for two reasons, both of them illustrative of a quality in me which my husband calls witlessness.

First of all, I tried to move around *Windows* from the keyboard, without unpacking and plugging in my mouse. It can be done, but it is slow and clumsy.

This is a factor to be considered if you are buying a portable computer: they tend to come with a "tracking device" as a mouse-substitute. Some tracking devices are better than others.

I got my own mouse out at last when *Quicken for Windows* presented me with an iconbar – a row of little pictures – which could only be reached by the mouse.

Second, I stuck to *Windows* version 3.0 for far too long.

Eventually my computer spat out a program I had been given to evaluate, with a message to the effect that my version of *Windows* really was not up to scratch. I upgraded to *Windows 3.1* that week, and haven't looked back since.

The new version actually has a shorter manual than its predecessor, because it looks after a lot of the complicated things like memory management without needing help from the user. It was easy to install. It replaced the older version automatically, preserving all my *Windows* programs and their arrangements. No longer are my *Windows* sessions abruptly and inexplicably "terminated".

My favourite *Windows* program is *Lotus Organiser*, a computerised personal organiser with pages that seem to turn, coloured tabs to click on for the different sections, and a year planner that appears to fold out just like a paper one.

This program is seriously useful simply because it is so much fun: I keep coming back to it, and begin to find that things really are getting organised.

If you keep a to-do list in *Organiser* it is worth actually getting around to one or two of the items on it just for the joy of clicking in the "Completed" box and seeing the chore dispatched to the end of the list with a line through it.

You could, of course, keep a list of things to do on paper, and draw lines through them as required. But *Organiser* has some electronic tricks that are more difficult to duplicate.

Items can be linked to other items; tasks to do, for example, can be linked to telephone numbers in the address section, to diary entries or to notes, enabling you to fly from one to the other.

If you have a modem, *Organiser* will dial your telephone numbers for you. If you send and receive electronic mail, *Organiser* will go look in your letter box. If any of your to-do's involve another program, *Organiser* can be set to start up your word processor or database for you.

For a complicated project such as a wedding or moving house, you could usefully have a separate *Organiser* devoted entirely to the subject.

The only thing wrong with this program is a laughably inadequate manual. Everything must be figured out from the help screens. Huge manuals can be daunting, but this silly little pamphlet goes much too far in the other direction. We deserve better from Lotus.

The other *Windows* program I have come to love this year is *Microsoft's Visual Basic*. When I was learning my computer craft, programming was just about the only thing you could do on a personal computer.

The IBM PC was yet to be invented, and even elementary word processing was still in the future as far as a home user was concerned. Writing those little programs was for me an experience of mental exhilaration to be compared with my first sight of Raphael's portrait of Castiglione. *Visual Basic* brings that excitement back within range for all.

While you're wandering around Windows, you might have a look at *Solitaire*, the American name for the familiar red-nine-goes-on-the-black-10 game of patience. It is brilliant. From the option list, choose "Vegas rules". Set it to keep score. Choose yourself an attractive deck of cards from the dozen on offer.

You will never do any work again.

■ *All of the programs mentioned are widely available from computer dealers and shops. It is worth looking around for the best prices. Windows 3.1 costs about £55, Organiser about £90, Visual Basic v3 for Windows about £80, plus VAT in each case.*

Fantasies

Continued from Page I

love which is age-old in western civilisation. It is there in ancient mythology – epitomised in the figure of Helen of Troy, the face that launched a thousand ships; in medieval courtly poetry such as *The Romance of the Rose*, and in the oldest folk tales, such as that of Sleeping Beauty, awakened by a kiss from an unknown prince.

Modern romantic novels often retell such tales, while in literary terms, the Mills and Boon formula goes back at least two centuries. Samuel Richardson's *Pamela* (1739) is the story of an innocent servant girl whose master wants to rape her but ends up marrying her. *Jane Eyre*, where the governess marries her boss, the overbearing Mr Rochester, and *Pride and Prejudice*, where impoverished Elizabeth Bennett marries wealthy landowner Mr Darcy, are prototypes for popular romantic fiction. All are sexual fantasies about older dominant men: all the heroes are tamed by the power of love.

But fairy tales and novels by Jane Austen or Charlotte Bronte have an archetypal, literary, timeless quality which makes us return to them.

Popular romantic fiction by contrast, deals in the same myths, but does not last. There are many reasons. Popular fiction dilutes and trivialises the great archetypes. It gives primordial fantasies a contemporary but too-topical veneer which soon seems dated. It excludes the element of fear and tragedy, essential to any myth and to any mature vision of life, in favour of sentimentality and cheap glamour.

The mythical content gives such fiction a certain power. Its roots in our deepest sexual fantasies and longings ensure its popularity. Alison Hennegan says of traditional romantic fiction: "It is much less explicitly erotic – no naughty bits get named – than lesbian or radical feminist literature, where the sky is the limit for explicit sex."

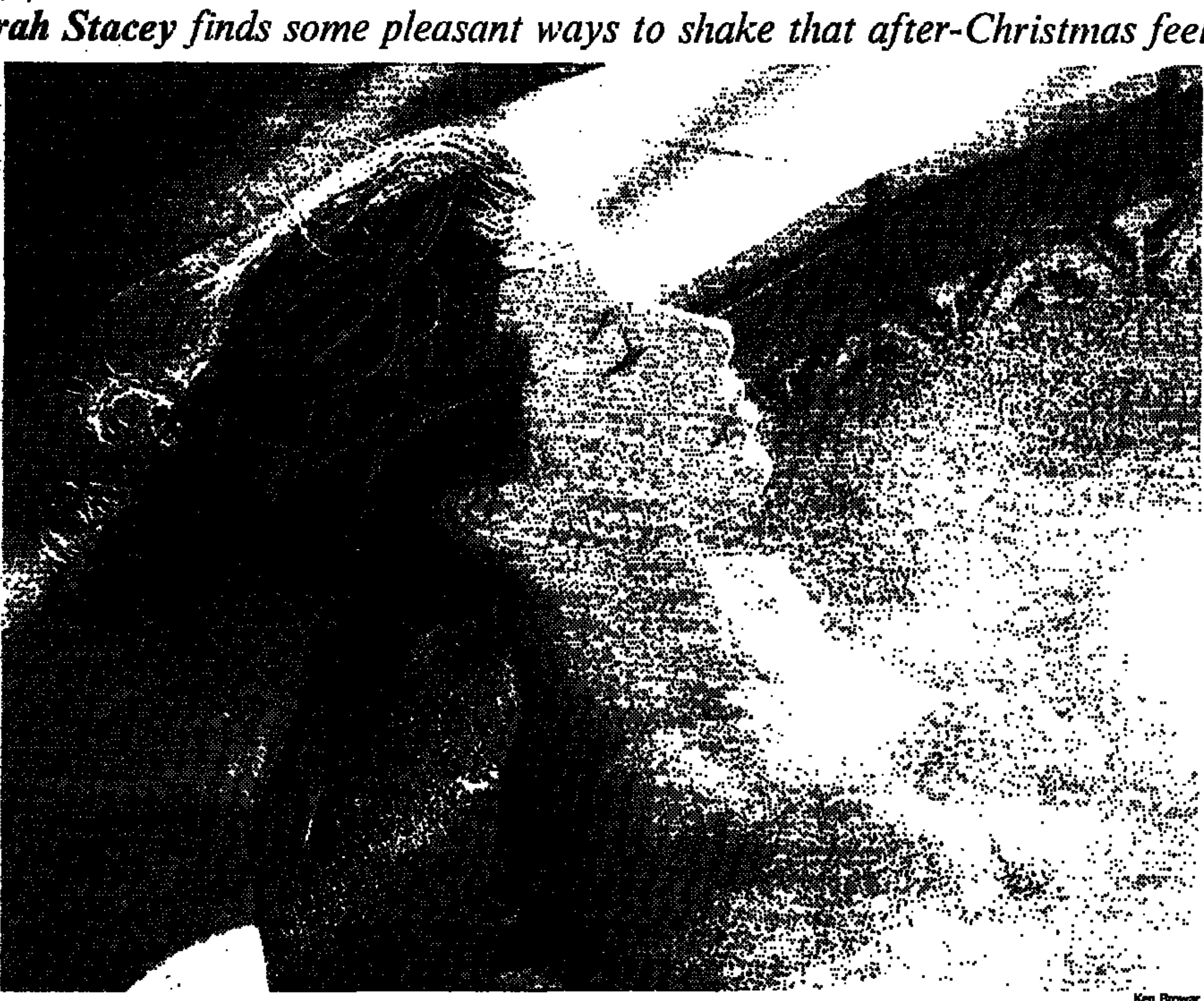
But for this very reason Mills and Boon novels attract those who may feel guilty about sexual fantasies, because the erotic elements are always within the safe context of love and marriage.

No one ever reads a Mills and Boon novel twice, or recalls a single character or situation. Here, paradoxically, lies the commercial success: unsatisfied, asking no more than fleeting interest, we return instead for more, new, different, contemporary titles – Mills and Boon publish almost 30 a month. And so the market for escapist fiction will always hold: a Mills and Boon advertisement from the 1940s, "There's always a new Mills and Boon", encapsulates both its strength and its weakness.

HOW TO SPEND IT / FASHION

Positive thinking to beat the blues

***Sarah Stacey** finds some pleasant ways to shake that after-Christmas feeling*



Ken Browar

Relax: thalassotherapy and hydrotherapy centres may provide just the treatment you need to relieve stress and tension

As the new year gets underway anyone without the willpower of a Trappist monk may be feeling a touch under par. The long days of feasting, combined with lack of sleep and exercise, result in what the French call *une crise de foie* – in other words, an overloaded liver exacerbated by dehydration.

This sluggishness is also primarily responsible for the January blues, according to Dr Susan Horsewood-Lee, a London general practitioner who is particularly interested in nutrition. The answer, she says, is a programme of detoxification, rehydration and relaxation.

If that conjures visions of pills, potions and deprivations, take heart. Of course, you can go the whole way and opt for a lemon and water fast – under medical supervision only – but there are gentler and positively agreeable ways of tackling this lethargy.

First, let us suppose you want to detox at home. Undoubtedly the best way to start the day is with pure water, warm or cool, not ice-cold, or herbal tea. Peppermint has been used to aid digestion since Roman times. Add a dribble of cold-pressed honey if you wish.

Next, try a brisk skin brushing to get your circulation moving and speed the loss of toxins. Use a fairly stiff brush, (the Body Shop version at £4.95 is perfect) on dry skin, always working up legs and arms towards the heart.

Follow with a hot shower, perhaps using a herbal hair and body shampoo such as Aveda's aromatic Futurity Relax, oozing with camomile, comfrey and witch hazel. Finish with a cold, or cool, splash from head to toe. It is gasp-inducing at first, but makes you feel sparkling throughout the day.

The bottom line with detox eating and drinking is to do it gently. If you can manage one or two days without caffeine and alcohol, largely eating fruit and vegetables, you will feel great benefits. Although beware, expelling toxins from an overloaded system can temporarily induce headaches or other aches and pains, dizziness and a degree of lassitude. The best way to combat this is to drink as much cool, pure water as possible, two to five pints daily, submerge yourself in warm baths and rest.

Dr Horsewood-Lee also recommends taking a multivitamin and mineral supplement. The Japanese would add Chlorella, emerald green algae which is stuffed with nutrients and Japan's best selling supplement. It is available in tablet or powder form and, like a wide range of other supplements, a positive library of books and some health foods, is stocked by the Nutricentre, which also has a very efficient mail order service. Contact the Nutricentre at 7 Park Crescent, London WIN 3HE. Tel: 071-436-5122.

Now for the good news. Massage of all kinds is excellent for releasing toxins, used in combination with diet and gentle exercise such as walking and swimming. Aromatherapy massage, with essential oils such as juniper, rosemary and grapefruit, is a powerful detoxifier, working on the lymphatic system, boosting the vital organs, and helping the digestion.

From January 4, Aromatherapy Associates, the company which ministers to the Princess of Wales, is offering a 10 per cent discount on treatments in the middle of the day. Normal prices are £40 for the 1¾ hour initial consultation, £35 for 1¼ hr follow-ups. It also supplies mail order bath oils (65ml for £19.95, plus £2 p&p). Contact: Aromatherapy Associates at 68 Maltings Place, Bagleys Lane, SW6 2BY. Tel: 071-371-9878. Alas, it only looks after women.

The International Federation of Aromatherapists, (081-846-8066), provides a national list of practitioners, who may also do home visits. Some practitioners will only treat women, although those based in health clubs and health hydros will usually treat men as well.

If you like massage and water, try Thalgo hydrotherapy. Our jaded tester emerged from a session at Harrods' revamped Hair and Beauty Salon revitalised. She began to feel better when her body was exfoliated with a mallow and ivy scrub. Plunged into a large tub, laced with seaweed extract, our tester felt a rapid improvement as high-pressure jets of water pummelled her from neck to sole for about half an hour. A deep body massage topped it off and sent her tripping into Knightsbridge. Thalgo detoxifying hydrotherapy costs £40 for one hour as does the seaweed body wrap. You might like to follow it with a facial treatment and scalp massage, such as the Clarins Paris Method lymphatic drainage facial, £45.

Harrods Hair & Beauty Salon is offering a special deal to *Weekend FT* readers from now until January 31 – for £60 you can have either a Thalgo Hydrotherapy bath or a relaxing body massage plus a full face facial, neck and shoulder massage. Just say you are an *FT* reader and the offer stands.

For a more baroque treatment, you could try the Dead Sea Inchwrap. For £50, plus VAT, you can be exfoliated with bright blue gel, painted in Dead Sea Mud and swaddled in cling film from jaw to toe, until you look like a sci-fi mummy. As the name implies, you may lose some inches, but the minerals in the black mud are also said to draw out toxins, as well as emulsifying fat, reducing cellulite, improving muscle tone and generally revitalising the skin. Our tester felt invigorated after the treatment. A few inches were indeed knocked off her vital statistics and several pounds off her weight, albeit temporarily. For local therapists, contact Finders International on 0580-211-055.

For those whose willpower may flag, Grayshott Hall health and fitness retreat specialises in individually designed detox programmes. Diets are based on vegetables, salads and fruit, with a little protein. Light exercise, such as swimming or walking is advised to speed the process.

Grayshott, which comes with high commendations from doctors and those who have stayed there, also provides massage, hydrotherapy and spa body treatments. A single room for four nights costs from £525, including all meals, a daily massage and heat treatment, and one-to-one health and nutritional consultations. Grayshott Hall, Headley Road, Grayshott, Nr Hindhead, Surrey GU26 6JJ. Tel: 0428-604-331, fax: 0428-605-463.

Lady de Saumarez, owner of Shrubland Hall, is adamant that this elegant Georgian house, set in magically beautiful Italian gardens, is a health clinic "not a hotel with treatments". Three doctors are there day and night. The emphasis is on cleansing the system, diet is a treatment, and everyone is treated as a patient. On his first evening, workaholic TV producer Clive Syddall found his dinner diet of orange juice, yoghurt and honey, an appalling prospect. Over the next few days, the benefits were so great – and the myriad relaxing treatments, which included a wide range of therapies plus amenities such as art lessons, so pleasant – that he voted it entirely worthwhile.

Ages range from eight to 80. Staff, who outnumber guests, are sympathetic and standards are high. During three days of detox and relaxation, Syddall lost several pounds, and left feeling "much refreshed and lighter ... it gives you the impetus to continue with a good diet and make time to relax". Single rooms range from £420 to £650 per week. For more details, contact Shrubland Hall Health Clinic, Coddenham, Ipswich, Suffolk IP6 9QH. Tel: 0473-830-404, fax: 0473-832-641.

On mainland Europe, detoxifying at thalassotherapy spas is regularly prescribed by doctors. French friends become lyrical when describing the effects of a week's stay at the Institute of Thalassotherapy at Le Touquet on the north-west coast of France. Easily accessible from Britain, the spa is right on the beach. Treatment regimes are planned individually, alternating half days of therapy with periods of rest.

Erna Low Consultants, which specialises in spa travel, offers a package to Le Touquet of six nights with half board and three to five treatments daily, starting from £570 for a shared twin room, £729 for a single room. Flights £89 return. Contact Erna Low at 9 Reece Mews, London SW7 3HE. Tel: 071-584-2841.

Dr Horsewood-Lee recommends Helianthal, the wonderfully located spa at St Jean de Luz, in the south of France, as ideal for detoxing. It offers excellent cuisine under your personal nutritional adviser, a gym, and "a dream of a salt water swimming pool" with hydrotherapy. Tel: 010-33 59 51 51 51.

Finally, Chinese medicine links the state of your liver with how happy you are. A poorly functioning liver means that the vital chi, or energy, is restricted, leading to depression, anxiety and lack of joy. For a list of qualified TCM practitioners, write to the Chinese Herbal Medicine Register, PO Box 400, Wembley, Middlesex, HA9 9NZ, enclosing a large self addressed stamped envelope and a £1.50 cheque or postal order.

Watch, wait, pounce

Avril Groom says clever shoppers know how to use the sales

The most undignified sale I ever saw was a private one, at the showroom of a top British designer. Women who usually meet smiling over the champagne glasses were snatching frocks from each other's grasp and building up stashes of possible bargains. Any garment tried and deemed unsuitable was tossed aside after which they returned to the fray in their lingerie.

My initial reaction was to feel comforted that even well-known actresses wear holey vests and greying bra straps. My second, more disquieting one, was to wonder why women needed to behave in that way. But that was in the mid 1980s, when money was more easy come, easy go and sales were the tinsel on the tree. It hardly mattered what you bought, as long as it had a good markdown on the price tag and the right designer name on the label.

Those were the days when the media faithfully recorded the queue of people camped outside Selfridges in Oxford Street and the crashing crockery in the crush at the start of Harrods' sale. Now it is all much less jolly.

The media still goes to Harrods – but to film the latest celebrity brought in by the store's promotions department to keep the sales excitement alive. This week it was American film actor Richard Gere, who generated a large and noisy crowd. But serious shoppers are a more dour bunch who bide their time with an end in view, rather than trippers out for fun and a few unpremeditated bargains.

Recession has both debased the sales and made them the main source of shopping for many. Now that half the high street has permanent sale notices there is no need to wait to buy unless you want something absolutely specific; the chances are that somewhere you will find an acceptable equivalent already reduced. Those keenly anticipated sales just after Christmas and in late June have become irrelevant. Many sales start in mid-December to cash in on seasonal trade.

But for those who do want a specific item, the starting dates of the remaining genuine store sales have more significance than ever. Harrods says selling has been slow in recent years, yet its sales have been remarkably successful. The first day of last January's was its best trading day.

The recession has concentrated the mind of the intelligent shopper. The only justification for a sale is saving money, not spending it, by enabling consumers to buy much-coveted items at prices they consider reasonable when the original price seemed unreasonable. The strong-minded watch, wait, case the joint and then pounce. They discover in advance how much the sale reduction will be. The even stronger-minded then wait for more, hoping for further reductions but risking the sale of their bargain.

This is all nerve-racking stuff but the dedicated sales shopper has never been faint-hearted. Now that people are more prepared, of necessity, to play the waiting game, the atmosphere is coolly competitive rather than frenetic.

Real strength of mind comes in the reckoning with yourself over what you buy. The best bargains are lasting, quality classics, in fashion terms an easier brief for men than women, although items such as a half-price Aquascutum cashmere coat, a Mulberry briefcase or a Pringle cashmere sweater seem to fit the bill, and all are in sales now.

Another approach is to go to the sales of top, very expensive designers – Chanel and Ralph Lauren (both start today) are fashion Meccas at sale time – and hope their innate taste and elegance carry you through. But beware. Even here there are design duds and they naturally have the biggest markdowns.

Buying fashion hits in a sale is trickier but more fun because a wardrobe full of serious investments would be a dull place. Go for quality and clothes you can visualise wearing in the future – even if styled in a totally different way. And you have to be tough with yourself.

For instance, velvet has been the fabric of the season – which is precisely why it will not be next winter. Yet, I can still justify buying Margaret Howell's long black velvet skirt (sale now on) because it is so simple and beautiful it will be a classic. I can even justify Martin Margiela's evening sheath of crinkled metallic silver with deconstructed raw-edge details (from Browns, sale starts today) because it is so startling that it is above the whims of fashion.

But much as I would love to own one of Vivienne Westwood's corset tops (sale late January) I must draw the line. Occasions where 18th century ball gear is appropriate are rare in my life. And although it would do incredible things for my figure, even at sale prices it is too much to pay to make mountains out of molehills.

TRAVEL

Rewards of straying from the Silk Route

Giles Whittell visits Samarkand and follows impossibly exotic branches of a road which has not changed for 1,000 years over some of its stretches

"I AM REGISTAN," the loudspeakers bellowed, as purple and orange lights blinked at Samarkand's three great medieval madrasas. A handful of tourists gazed at them from a tier of plastic seating. The loudspeakers droned on about something to do with Lenin's flag and Uzbek pride, but I doubt if anyone was listening.

The Registan is the most breathtaking architectural ensemble on the Silk Route. No-one had recorded a new soundtrack for the *son et lumière*, but it didn't seem to matter. Not even Soviet pseudo-history can demean these monuments to the wealth accumulated in 14th-century Samarkand by Tamerlane.

Timur-the-lame, self-styled heir to Genghis Khan, did not build them himself. What he did was force all Silk Route trade to pass through Samarkand by ransacking Urgench, its northern rival near the Aral sea. He also liked to display the heads of prisoners on stakes where these Islamic seminaries now stand.

His grandson, Ulug Bek, commissioned the first of them in 1417 and smothered it in acres of blue and green mosaic. The two imitations that went up 200 years later are less pure as pieces of Islamic art, but no less impressive. The portal of the Shir Dor madrasa resorts blasphemously to mosaic lions in order to impress, while deep within the Tilla Kari madrasa several kilos of gold shimmer from the ceiling of the Golden Mosque, and you would have to be a dry old Islamicist not to ooh and aah at it.

Tour operators are queueing to take you to former Soviet central Asia, and Samarkand, second city of Uzbekistan, is the place they hope to have you drooling over. It is certainly worth a visit. From the Registan you can walk past the tea-houses of Tashkent Street to the bazaar and the massive, brooding remains of Tamerlane's Bibi Khanym mosque.

There is also Gur Emir, the terrible warlord's mausoleum. Legend has it that someone etched inside his coffin the words "If I am roused the earth will tremble." Five-and-a-half centuries later a Soviet scientist exhumed the body. It was the night of June 22, 1941, and within minutes of the coffin being opened an assistant rushed into the crypt with the news that Hitler had invaded Russia.

There is much to shiver and marvel at in Samarkand, but it would be a waste to come all this way and not do some exploring. What is new in central Asia is the chance to stray away from Intourist's beaten track – from those branches of the so-called Silk Route that are now Tarmac to those which have not changed in 1,000 years.

Start by looking south from the site of Ulug Bek's observatory. (Ulug Bek used astronomy to calculate the length of the year to within a few seconds, nearly two centuries before Copernicus was born.) From here, on a clear day, you can see the snows of the Zerafshan mountains marching into the desert along a highway of haze.

Where you are standing, the temperature is probably close to 40°C, and the traffic fumes catch in your throat. Up there, you imagine, there are perfect valleys full of wild flowers and pristine air. You have to go and see.

I joined an up-market, guided trek to the Fan massif, the highest in the Zerafshan range. It seemed the sensible option because these mountains are in Tajikistan, which was in the grip of civil war. The group included an 86-year-old who assured us he would be fine at altitude because he kept in shape on Sundays, on Dartmoor, with the Teignmouth branch of the Ramblers' Association. There was also a distinguished Foreign Office KCMG who told me on our first evening together that he loathed journalists.

We crossed the Tajik border, very peacefully, in a minibus. At the ancient Sogdian city of Pendzhikent we transferred to a mountain-going truck which broke down soon after entering the mountains. Bunny, the octogenarian, impressed everyone by getting out and walking.

As we gained height, tobacco patches gave way to juniper forest. The path narrowed and the gradient stiffened and Bunny changed down a gear or two. Raw horizons of rock and ice closed in to the west and the south. The air grew cold and thin and space was found for Bunny on a donkey. (This was cushy trekking; a small herd of donkeys carried everything except our sunhats.)

That night, round a camp fire of 100-year-old juniper logs, the donkey drivers gave a spirited recital of Tajik mountain songs. KCMG and I replied with *Mud, Mud, Glorious Mud* and *Jerusalem*.

The following day we crossed the watershed between Samarkand and Dushanbe. Bunny reached it leaning back on his donkey like a stunt-rider. It took four men to stop him falling off, but when he said the view was "more spectacular than Dartmoor" it seemed worth the trouble.

We camped at a place that used up all our superlatiaves. The grass had been clipped to a sward by mountain goats. The tents were sheltered by low rises dotted with boulders and cedar trees. The sun set over a sequence of miniature lakes strung out below us, and not far to the south a sheer wall of snow and rock reared up two vertical kilometres. We asked for more songs but the donkey men had found some heroin poppies and made tea with them. They were still blotto in the morning.

We were told by our chief guide, Kolya, a quiet Russian alpinist who has raised walking to an art-form, that our path was a genuine strand of the Silk Route: the main route south from Samarkand right up to the 1950s. Maybe. It is true that the Silk Route had variants, but it is also true that every road in central Asia turns out to be ex-Silk Route if you let the tour guide pause for breath.

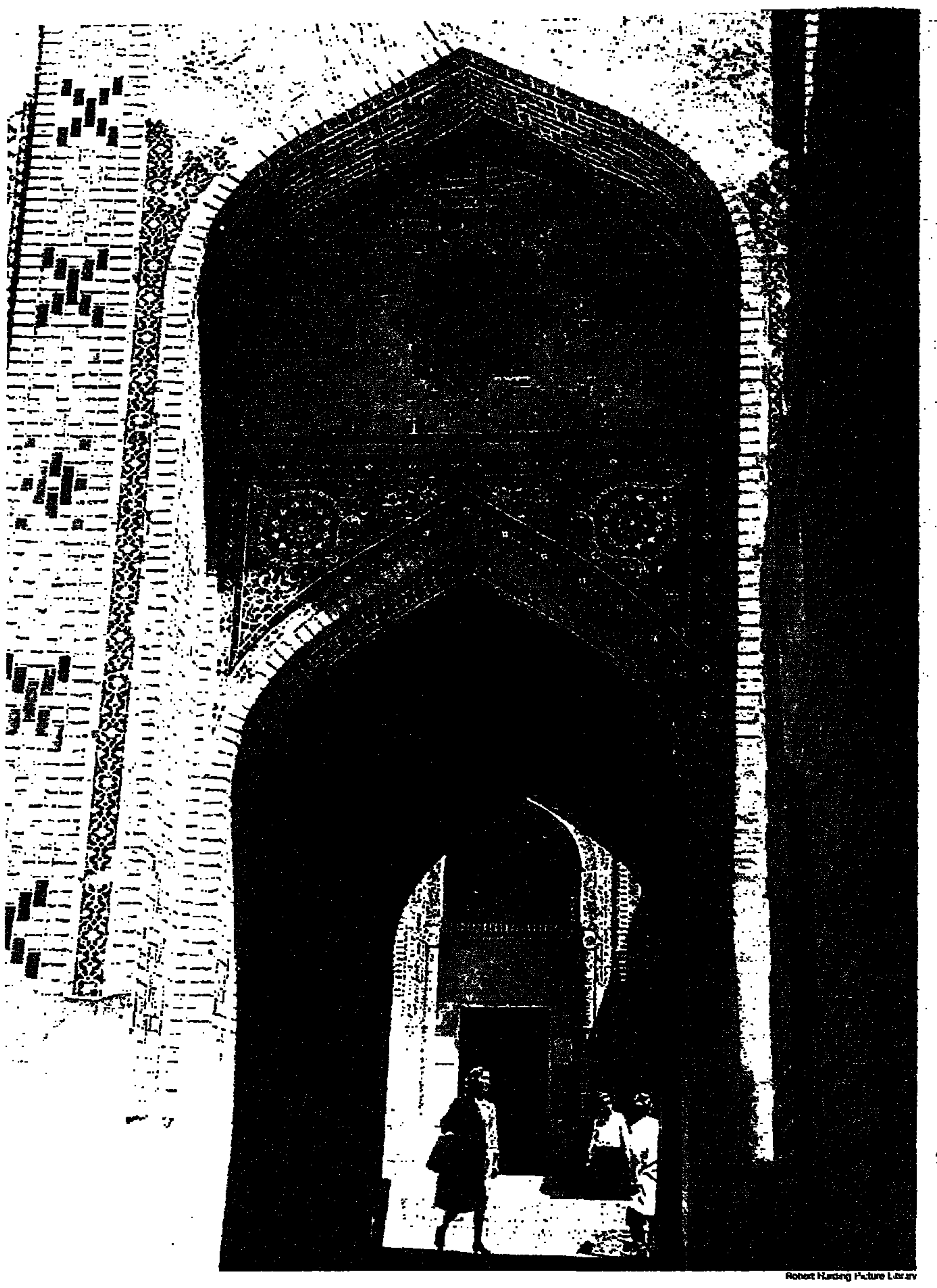
The origin of this impossibly exotic camel track is well-documented. In 138 BC a Chinese general called Chang Ch'ien travelled to Fergana (east of Samarkand in present-day Uzbekistan) to buy some horses that were said to run so fast they sweated blood. The general found that in fact they bled because of a skin parasite. But he also learned that Fergana's merchants would pay a very handsome price for silk. His emperor, Wu-ti, thereupon lifted an export ban which had been in force since the Chinese started weaving silk around 2000 BC, and trading began.

Chang Ch'ien had crossed the Tien Shan (the Heavenly Mountains) between Kashgar and what is now the Kirghiz town of Uzgen. Join the dots. *This* is the original Silk Route. You cannot follow it because 20th-century politics mean there is no road. But you can cross the mountains not far north, along the arduous road through Kirghizstan to Torugart, from where Chinese jeeps leave for Kashgar.

An hour or two before the Chinese border there is a turning to a place called Tash Rabat. Take it. Do not on any account roar past in a cloud of dust as the Paris-Beijing rally did last year. At the end of a track, lost in the mountains, Tash Rabat is a grand old granite *caravanserai* that was sheltering Kashgari traders since before Tamerlane was thought of.

You can camp beside it and hike up to Asia's continental divide, or hunt ibex with the lonely caretaker. Whatever you do, it will evoke the real Silk Route better than a Soviet sound and light show.

■ *Giles Whittell trekked in the Fan mountains with Steppes East: Castle Eaton, Swindon, Wiltshire SN6 6JU. Tel: 0285-810267. He is author of* Central Asia: the Practical Handbook, *published by Cadogan Books (£10.99).*



Robert Harding Picture Library

There is much to shiver and marvel at in Samarkand where the hand of Genghis Khan is still apparent

Food drink, culture - and exercise

Patti Waldmeir puts both feet forward on a ramble through southern Tuscany

There are many things to *hate about long-distance* rambling, especially abroad. The foreign footpath is inevitably – nay maliciously – badly waymarked, and the foreign farmer too often raises a sadistic chuckle with electric fencing and bulls.

Then there are more mundane concerns: whatever your choice of picnic, it is always hot or sodden by lunchtime; the rucksack is crushingly heavy, no matter what you leave behind; worst, there is no way out once you've started. Only masochists need apply.

But even if your flaws do not run to masochism, there is still hope. Alternative Travel Group, an Oxford-based tour company, conducts foreign rambling holidays for those who see walking as the best form of sightseeing.

I think it was at lunch on the first day of the ATG tour of southern Tuscany – or maybe at dinner the first evening – that I realised what I was in for: 10 days of the best in food, drink, scenery, culture and exercise, every one of them dedicated to pleasure.

Towards that end, ATG ramblers are relieved of the need to carry a rucksack: luggage is transported by van, and awaits the tired walker in their room at day's end. That is not unique. Other tour companies offer luggage service. But ATG also solves the picnic problem – something other tour companies seem to ignore.

I never saw a cheese sandwich or cold sausage roll. Instead, we had stylish, colourful salads (one of my favourites: endive, yellow pepper and peach), the pungent Pecorino cheese (without the unpleasant sweat generated by hours in a rucksack), homemade sausage or cured ham, several kinds of local bread, fresh fruit and wine.

On the one day we had heavy rain, we straggled in at lunchtime to find Kit – our versatile tour manager – sheltering in a sort of barn, with succour for the wet and miserable: a big pot of soup and lots of red wine.

The dinners were worth a trip on their own. As we limped to table each evening, expectancy soon overcame exhaustion: each was a special meal arranged with local restaurants by Kit, eager to show off the Tuscan specialities which she so clearly adored. And the size of the meals provided ample incentive for a vigorous long walk the next day. Although I scarcely turned down a mouthful of food, and indulged my taste for local red wines, I walked off every ounce of added weight during the day.

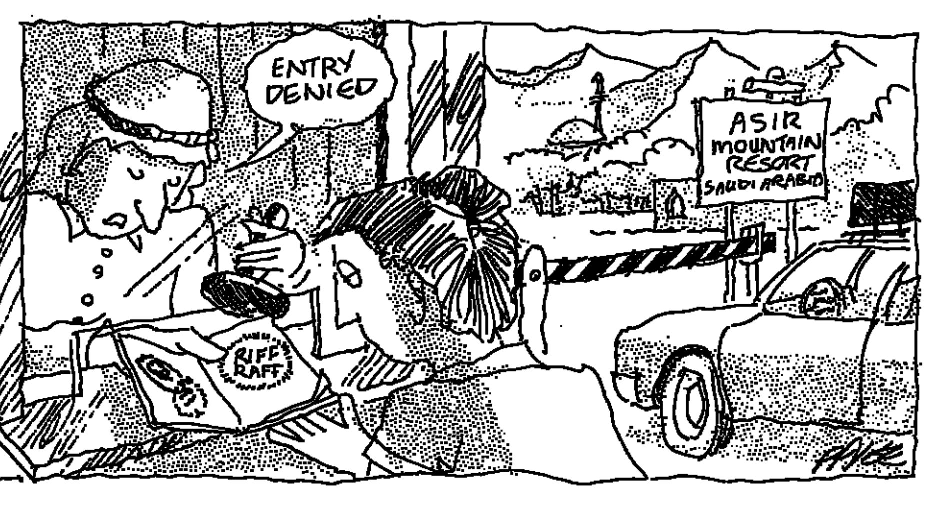
Unlike most of the guests, who had more sense, I walked every inch of the way from the walled village of Montepulciano to stunning medieval Siena, some 90-odd miles. But I am sure I enjoyed it more because I knew I could opt out, if so inclined, for ATG provides the ultimate antidote to masochism: a chance to be picked up by the van, half way... or a third of the way... or before the last hill... and without adverse moral judgments from our enthusiastic, Italophile tour leader, Frances.

To her goes the credit for infallible path-finding and cultured commentary on the medieval hill towns which bejewelled our path, and for stunning itineraries which took in – on one special day – a Romanesque church with naif sculptures above the church door; a dip in the thermal baths of Bagna Vignoni; lunch at Ripa d'Orcia, a privately-owned castle on a dramatic bluff above the Orcia river – and a chance to take a van ride home before the last steep hill.

However unreasonable the request, Frances and Kit were eager to meet it. ATG tours are not cheap. My 10-day tour of southern Tuscany, without airfare, cost £1,270, and that was only after I protested at being charged the US dollar price quoted for overseas bookings: $2,500. But for the hedonist who likes a fair bit of exercise on the side, the price is worth it. Luxury rambling: for the traveller who has everything.

■ *Alternative Travel Group, 69-71 Banbury Road, Oxford OX2 6PE, runs a wide range of walking tours in Europe. Tel: 0865-310399, fax 0865-310299.*

An unspoilt getaway



Gordon Robison visits Asir, a Saudi tourist region devoid of tourists

Imagine a remote region of heavily forested mountains and valleys; of villages untouched by tourism where much of the traditional architecture has been preserved and is in everyday use; where camels and wild monkeys are common sights.

Imagine, too, that this remote region is served by an immaculately maintained network of uncongested roads, highways and airports and that it offers both food and accommodation to suit any budget with standards of hygiene and medical care that any European would envy.

There *is* such a place; the Asir mountains of western Saudi Arabia. The problem is that Saudi restrictions mean that unless you work in Saudi Arabia, or have business there, or are a Saudi (or citizen of another Gulf state), you almost certainly cannot visit this region. Thus Asir may enjoy the strange distinction of being the world's best-developed tourist region that you (probably) cannot visit. You will have to hope that things change.

For several years Saudia, Saudi Arabia's national airline, has been promoting Asir as a tourist destination for the internal market. Several of the region's main hotels offer weekend packages and a few tour operators have arranged itineraries covering several of the region's cities.

The Asir mountains are part of a much longer chain stretching north to Jordan and south through Yemen. To the west they drop sharply away to the Red Sea. To the east they trail off into a series of hills and plateaus which eventually disappear into the desert.

It is a region where the roads hug the sides of tree-covered mountains as one moves between villages where the culture is closer to that of Yemen than to the cosmopolitan port of Jeddah or the Bedouin traditions of Riyadh.

In winter Asir belies the popular image of Arabia as a place of ferocious, never-ending summers. The mountains can be subject to heavy rains and often spend months locked in thick but highly local fogs.

Most activity in Asir centres on the provincial capital of Abha, which until 1922 was the capital of a small independent kingdom. In that year Asir was conquered by Abdul Aziz Ibn Abdel Rahman Al-Saud (usually called Ibn Saud in the west), the founder of modern Saudi Arabia. Abha later became a base for Abdul Asiz's attacks on the Hejaz, north of Asir where Mecca and Medina are located. Abha is a small, functional town with only one real point of interest.

This is the Shada Palace; it was built in 1927 and served for two generations as the regional seat of government. Since 1987 it has been open to the public as a museum of Asiri culture. The palace is a three-storey mud brick building with a sitting area on the roof. Many such buildings can be seen along almost any road through the Asir countryside, although in the centre of Abha the palace itself has become an architectural anomaly.

Aside from the scenery and the architecture, one of Asir's main selling points is altitude. At just over 2,200 metres, Abha provides respite for those weary of summer's sweltering heat in Jeddah or Riyadh.

Another prime attraction is Asir national park, designed for the Saudis by a team from the US national park service. The protected area encompassed by the park is enormous, taking in thousands of square kilometres of land in and around the Asir mountains and stretching west to the Red Sea.

The park's facilities are well-laid out, although visiting them is not straight-forward. Take the visitor's centre, a series of displays on the park's plants, animals, geography and culture located in a building adjacent to Abha's ring road. The building is in beautifully landscaped gardens where it blends easily with the surrounding mountains. The centre includes an observation deck overlooking the valley just below. Wild monkeys native to the region can often be seen in the grounds.

But first you have to get into the centre. It is open only on summer evenings and entrance is restricted to families. In Saudi Arabia this means "couples" and "unaccompanied women," with or without children. Males wanting to view the exhibits and lacking a female and/or juvenile escort must obtain a permit. In winter, everyone needs a permit.

A far easier way to approach the park is via the tours and packages offered by the Abha Inter-Continental Hotel. Even if you are staying in the youth hostel (they are open only to men), a trip to the hotel for a look at the massive lobby is a must.

Originally built as a palace for one of Saudi Arabia's numerous princes, the hotel sits in the heart of the park, near the summit of Jebel Sawdah, at 3,115m the highest point in the country.

Anomalously, Asir is a tourist region devoid of tourists. As a result, it remains largely unknown to the outside world.

Practical Traveller / **Patricia Roberts**

Budapest: spa city

The Turks, abandoning Budapest to the Austrian Army in 1686, must have looked with regret at what they were leaving. Buda was not only a long-standing outpost of the Ottoman Empire but a place well-endowed with natural springs – subterranean fountains that fed a network of Turkish baths.

Today, 500,000 cubic meters of water percolate daily through the city's limestone-rich soil, filling 31 medicinal baths and open-air pools and making Budapest one of the world's great spa cities. Do not be misled by the word "spa". A spa is merely a mineral spring or hotel built around springs; luxury is not a requisite.

This is certainly true with Budapest. On the other hand, its springs certainly have what it takes: calcium, magnesium, fluoride, sulfates, alkalies, even radium. This combination, known to treat inflammation as well as respiratory problems, is what makes Budapest's water so prized.

Well-being is not the only reason for a spa visit. The architecture, from 16th-century Turkish baths to turn-of-the-century resorts, is as fascinating as the water is therapeutic.

Although there are more than 30 spas, the number includes summer swimming pools and modern clinics. For the real thing, you need only to focus on a handful of locations.

My favourite is the Gellért Hotel and medicinal baths, a *belle-epoque* monstrosity which seems to float like a wedding cake on the Buda end of Liberty Bridge. The Gellért dates from 1918 and is the city's only remaining "old world" resort-spa.

The hotel partly faces the Danube and, although billed as one of Budapest's *finest* (£132 per double room, spa included), is in need of upgrading from its present no-frills, socialist-era decor. Hotel guests reach the spa by private elevator; the paying public enters separately.

There are some strange treatments available, but stick to the Gellért's basics: thermal baths (men and women separately); outdoor wave pool and indoor swimming pool. Avoid the manicure and pedicure and take a massage at your own risk (it is a few slaps short of torture). To make your visit easier, take some coins for tipping and learn a few words, like *fürdö* (bath), *gozfürdö* (thermal bath) and *kijárat* (exit).

Unwind first in the thermal baths. Both men's and women's baths are elaborately decorated. Leaving the baths, grab a new towel and take a cold plunge or change into a swimsuit for the indoor pool.

This naturally carbonated, glass-roofed pool was added in 1934 and echoes the Roman baths of Caracalla. I expected a sunny, lively room, but there was too much cloud cover that day. The detailing, however, is stunning: carved marble columns flank the pool and rise to a palm-tree-lined balcony. The Gellért baths close at 8pm on weekdays, 2pm Saturdays and 1pm Sundays. The indoor pool closes at 7pm, except Sundays (4pm).

The Szechenyi Baths in City Park is one of the grandest bathing houses in Europe, attracting 2m people a year. The thermal baths are elegant but even better are the three outdoor thermal pools (hottest 38°C). Here you will witness Budapest's famous postcard vignette in living colour: bathers standing in the water, playing chess on cork boards.

The domes of Budapest's remaining 16th century Turkish baths are still scattered among the Baroque architecture of Buda's neighbourhoods. At the foot of Elizabeth Bridge you cannot miss the hemispherical cupola of the Rudas Bath, known for its green columns and radioactive water which clients drink to boost circulation.

Continuing towards Margaret Island you will be transported back to the Ottoman Empire by the four crescent-topped domes of the Király Baths, built in 1566. Here, history seems to hang on the vapors. It is not hard to picture Turkish pashas immersed in reverie as invading troops pummel the city walls, ending forever Budapest's entanglement with the Sultanate.

Let the blossom times roll

Japan's flower parties intrigue Christopher McCooey

Flower viewing parties do not exactly sound like riotous assemblies of good-natured drunks, but in Japan that is invariably what they are. Each spring, when the pink blossoms explode in the branches of the cherry trees, the Japanese gather underneath them to enjoy both the flowers and themselves.

Purists may talk aesthetically about the cherry blossoms being the essence of the Japanese spirit, the epitome of *bushido*, the spiritual code of the *samurai*. Indeed, the cherry blossoms' brief life of ephemeral beauty reflects purity and simplicity, which are considered traditional Japanese values. Just as the blossoms fall in their prime, so did the loyal *samurai*, who did not hesitate to give, or even take, his own life, even in his prime.

Today some people, from the emperor and the prime minister down, still hold parties to appreciate the form and colour of cherry blossom as a symbol of the Japanese spirit, but for the vast majority the cherry blossom parties are just an excuse for a good time.

For the average salaryman and office lady, the parties are a necessary pressure valve, a collective release of frustrations and inhibitions that are a product of Japan's tightly controlled, conformist economic and social systems.

Cherry blossom viewing parties were already established as annual events in the reign of Emperor Saga (809-823). This Imperial Court custom probably derived from the more ancient agricultural practice of taking food and sake into the fields during the religious festivals that marked the beginning of spring farm activity.

In the Heian period (794-1185) flower viewing held an important place in literature, dance and the fine arts. Prior to this, Japan's culture had been heavily influenced by China, and the flashier peony and the stronger coloured plum blossoms were more often painted and alluded to in the arts.

But during the Heian period the cherry came to be intimately identified with Japanese culture, so much so that the word *hana* (flower) became a synonym for *sakura* (cherry). Not only was the flower appreciated but also the wood. It was used for building, carving and for wood block printing.

The tree of the genus *Prunus* and the family *Rosaceae* is native to Japan and grows wild all over the country. Many of the flowering cherries that grow around the world are from Japanese stock.

There is a long tradition of outings by family and friends to view the blossoms in Tokyo. Thousands flock to popular places such as Ueno Park, Yasukuni Shrine and the Chidorigafuchi Moat with its dramatic backdrop of pine trees atop the massive stone wall of the Imperial Palace.

For the most popular places, juniors are sent by their company seniors to stake out pitches under the trees for the after-work party. During the daytime, parties of retired folk, housewives and students make up the first shift.

From the time the first trees start to blossom in the southern island of Kyushu sometime in March, the cherry blossom front moves north and east. Radio and TV stations broadcast daily reports of the front's progress and companies, families and groups of friends plan their parties for the few days (usually only one or two) when the blossoms are at their stunning best.

Christopher McCooey

Cherry blossom time: peak season for amateur cameramen

Cherry blossom stories and photos are run by the media: the man in Osaka who looked up and up at the blossoms, lost his balance, fell into a ditch and broke his neck; the 100 tons of garbage collected after one evening in Ueno Park.

Obnoxious drunks are handled with humour or ignored. Fights are rare, although one reveller who was drunk stabbed a person to death in Nagoya's Tsurumai park a few years ago. Generally the revellers regulate their own behaviour and the police keep a low profile. After the parties are over vagrants find rich pickings in the half-eaten picnics that are stacked neatly for collection as trash.

In March and April, parks, shrines and public places with cherry trees resemble convention sites for well-dressed winos as the normally restrained Japanese noisily eat and drink, sing and dance under the pink canopy. It is an amazing sight as red-faced salary men – their shoes off but neatly arranged at the side (even on a debauch the Japanese are orderly) – prance and parade in drunken abandon on mats and sheets of cardboard.

The *karaoke*, literally translated as "empty orchestra", blares out for each group. The person with the microphone howls tunelessly while his colleagues urge him on to greater ignominy. People are expected to make fools of themselves. Even the company boss will do a turn and sing a bawdy song.

"How long are you in Japan?" asks the delightful drunk who drags you into his circle of friends.

"How about Japanese rice wine? You must enjoy in Japan." Indeed, the visitor who has a strong liver could do no better than follow the cherry blossom front as it unfolds across the country.

In this Mardi Gras atmosphere a new face to the Japanese may be seen – a face flushed with alcohol but still warm and friendly. Totally uninhibited, the Japanese go daft every silly season – every time the cherries blossom.

A beautiful swamp

James Henderson enjoys the wildlife of Trinidad's Caroni mangrove

It took some persuasion to convince me that a trip to a swamp would be the highlight of my visit to Trinidad. What do you do in 40 square miles of mangrove and sumptuous black mud? But James Madoo was a salesman who loved his subject, and I did not reckon with the depth of mystery and the variety of the Caroni swamp.

Trinidad has an extraordinary variety of birdlife (more than 400 species) in its 1,800 square miles of coastal swamps, plains and forested mountains. *"Iere,"* the old Indian name for Trinidad, meant "Land of the Hummingbird," and there are 16 species on the island.

Aerodynamically they have about as much chance of flying as a helicopter. In their efforts to keep airborne they must beat their wings about 50 times a second. Their metabolic rate is so high that they must constantly top up with nectar. At night, hummingbirds switch off and become stiff as a wooden board.

Trinidad lies on a migratory route and so, not unlike the tourists, thousands of birds flock there from the US and Canada each year to avoid the northern winter. Many other species have spilled over from South America, just seven miles away. These are truly exotic, adorned with bright tropical colours and quirks of nature that only their mates could possibly find attractive.

Some are designed for perfect flying, with built-in aerofoils and spoilers; others are lumbered with ridiculous encumbrances. The poor wattled jacana has silly-looking, overlong toes and an embarrassing red splurge on its face. And just imagine having the bill of a toucan.

The diminutive male white bearded mannikin spends 90 per cent of its waking hours displaying itself. It flits backwards and forwards, all to entice female mannikins to its court. Deeper in the rain forest there is a bird that strikes up *chucka-chucka-chucka-chucka*, like an unsuccessful starter-motor, and another that calls *boing, boing ... boing*. Heaven knows what a violaceous trogon does back at the nest.

Of all the mournful, sceptical, quizzical-looking birds you see on the island, the most majestic is the scarlet ibis, and it was this I went to see in Caroni swamp. I travelled by mini-bus, or, as the contrary Trinidadians prefer to call it, a maxi-taxi – more a mobile discotheque than a bus. The carnival rhythms pumped relentlessly on, but soon the bustle of Port of Spain receded and the overwhelming greens of the Trinidad countryside loomed around us.

At the swamp I met Winston Nanan, a stocky and quietly-spoken man. His knowledge of Trinidadian wildlife is encyclopaedic. He began by telling us of the swamp and its fragile ecosystem, of the 168 species of bird that can be seen there and of the efforts being made to protect them. Anecdotes, including hair-raising stories of disturbing armed poachers, were drawn from 30 years of swamp life.

We set off into the mangroves. James Madoo accelerated the outboard for a moment and then left the boat to cruise as we listened. Suddenly, with a splash, a spectacled cayman pushed off into the water and cruised away with lazy movements of its tail.

A mangrove tree can cover whole acres. It is an endless tangle of brown roots, sprouting willy-nilly from the mud, miniature flying buttresses run riot topped with bushy leaves.

As we crept into each new spot, the favoured haunt of a particular species, the peace would take a moment to return, but soon the birds would appear. With a cock of the head the guides held our attention.

The swamp started to come alive. A white-necked heron stood perched on one foot in a stretch of open water, shoulders hunched and immobile, as it had been for hours (except occasionally to change legs), waiting to strike for food. Skulking around the edge, a green-backed heron preferred to stalk, holding its body horizontal over the water.

A lonesome *boop-boop-boop* rang out – a clapper rail – and a second later a little character with a spiked haircut (called topknot) flitted past with a grating hiss: a yellow-bellied elaenia. It fled shamelessly at the appearance of a fearsome tiger heron. Suddenly, the wattled jacana's rebellious toes made sense – they were perfect for keeping balance over lilies.

As evening drew in we made our way to the scarlet ibis sanctuary. Moments later the first pair breezed in, a flash of red as they flapped and landed. Scarlet ibises are gregarious creatures, and as many as 5,000 return nightly, after feeding in Venezuela, to roost in the mangroves.

The ibises are impossibly red, the strongest scarlet, like a British postbox. The colour derives from the chemical carotin, which they find in the little crustaceans in the swamp. They stand about 3ft high, with wings 3ft when outstretched; their 8in bills curve downwards.

For a while, as well as being Trinidad's national bird, the scarlet ibis was also something of a national dish, and in the 1960s numbers were dangerously low (they were also hunted for their feathers). Away from their own environment, or in captivity, ibis fade to a dull pink, a wan reminder of the real thing. Now that they have some protection in the sanctuary, they have returned to the swamp to roost and have started to breed again.

The mating season lasts from the end of April into June, when you will see pairs flying high, descending in ever-decreasing circles before they disappear behind a curtain of mangrove leaves. Nesting lasts until August.

Soon there were 50 ibis in the air at a time, gliding in above us. Momentarily a tree would burst aflame as they stretched their wings to the full, flapping and settling. In the golden evening light the mangroves, flecked white with the cattle egrets, took on a deep scarlet glow.

But it faded with the dusk. The oysters on the mangrove roots snapped shut for the night and we returned home.

FURTHER TRAVEL ADVERTISEMENTS APPEAR ON PAGE XV OF THIS ISSUE

Out-of-season Nice, a smart place to be

***Nicholas Woodsworth** strolls in the footsteps of the 19th century English aristocrats who made the French Riviera fashionable*

Friday: I have just read the day's European weather forecast. Paris lies under thick fog. There are gales off the Irish coast, snow in Hamburg and arctic fronts over Moscow. Although occasional brighter spells are hinted at, it is raining in London.

Can I be on the same continent? I am in Nice, where it is balmier than a July day in Blackpool and the sun is blazing in a deep blue sky. If well-heeled women are wearing furs, it is because this is the only season they can justify showing them off. Down by the water on the palm-tree-lined Promenade des Anglais, people more sensibly dressed are strolling in short sleeves.

The English aristocrats who made Nice famous as a winter resort last century had the right idea. In this season the Riviera is a world away from the rest of drab, rain-sodden Europe. Summer on the Cote d'Azur I find too crowded to be tolerable, but for an out-of-season break without stress or crowds, Nice is just the ticket.

Not that from time to time Nice is not chilly or overcast. In the 19th century extraordinary measures were taken to maintain the city's reputation as a winter watering-hole. On occasions it snowed. Night crews were dispatched to the promenade. Tree boughs were shaken, shrubbery dusted off, and the evidence dumped into the sea. When visitors rose to take their morning constitutional, not a snowflake was to be seen.

But such weather on this coast is rare, as the courtyard garden of the Hotel La Perouse proves. The yellow lemons that hang below my balcony are genuine, and smell heavenly. Up the hillside, on which the hotel sits, there are pink and purple cyclamen, cactus plants covered in small white blooms, bay laurels, thyme and rosemary in flower.

From my balcony there are glorious views in two directions – in one, the warm ochre walls and red roofs of the old part of the city, in the other the sunny blue Mediterranean disappearing southwards over the horizon.

There is a bright, light-filled pointillist painting by Henri Matisse, called *Luxe, Calme et Volupté*, of three bathers in isolated and happy repose by the sea. It is a title that always makes me think of winter-time Nice.

Saturday: It is the wonderfully clear and translucent Mediterranean light that makes this city work. It is the light that brought Matisse, Dufy, Signac, Renoir and a score of other post-impressionist artists to paint here. It is the light that, in touching even the most banal objects, gives them a lustre and life of their own.

How do I know? As pleasurable as they are, I do not need the works of the post-impressionists to tell me. I have been studying eggplants and tomatoes at the old Nice market. Weekends on the Cours Salaya in the centre of old Nice are as rich and sensual in colour and texture as any tableau. The buildings on either side of the broad pedestrian Cours are ornate and Italianate in style, built last century when Nice was not French but a possession of the House of Savoy.

Their façades range in tone from creamy yellow to sun-faded ochre and sienna to deep magenta. The louvred shutters on their windows – protection against fierce summers – are always a pleasant contrast: greeny-grey, olive, faded blue or turquoise. When, in summer or winter, the sunlight hits these buildings, they glow.

Nice has a reputation for jet-set decadence, mobsterism and corrupt politics — but retains some of the simple Mediterranean life

The produce on sale under the cotton awnings on the Cours is more colourful still. The eggplants are a deeper purple, the tomatoes redder, the green peppers greener than they are elsewhere. I love the contrast of the Nice market. In front of the highly dignified and decorated Prefecture building there are squawking geese and clucking hens for sale, heaps of potatoes and strings of garlic.

Another contrast: one woman standing by a pile of broccoli drips with jewels and has the taut, parchment skin of the repeat visitor to the cosmetic surgeon; beside her, in all humility, is a woman in the black, old-fashioned widow's weeds of the Mediterranean peasant.

Nice is a sophisticated city which, like other resorts along this coast, attracts large amounts of money. It has a reputation for jet-set decadence, mobsterism and corrupt politics. There are casinos, yacht clubs, high-society events, social and financial scandals galore. What is nice about Nice, and makes it quite unlike Cannes, Monaco or St Tropez, is that at the same time it retains a good deal of the older, simpler Mediterranean life as well.

After the bright, open Cours Salaya, walking through old Nice's streets and alleys is like plunging into deep submarine canyons. In odd nooks and crannies there are obscure shops full of old-fashioned equipment and merchandise – wood-fired bread ovens, ancient coffee-roasting machines, jumbles of rope and sailor's sweaters, walking sticks, bird cages. Five floors up through the gloom, above potted plants on balconies and lines festooned with drying laundry, is a thin, hard blue crack, the sky.

Lunch. I am trying to discover what a genuine *salade Niçoise* is. Today's – sampled in Acchiardo, a simple back-street restaurant better than most on the glitzy waterfront – bears no resemblance to yesterday's. The only two constants seem to be anchovies and tiny black olives; after that it is a free-for-all of tuna, string beans, boiled eggs, tomatoes, lettuce and – almost – anything else. There is a delicious *tiramisu* for desert. It is fattening, but I shall stroll it off this afternoon in the corridors of the Matisse Museum.

Sunday: Surveying the calm water from my balcony early this morning, I was surprised to see a dozen or so septagenarian swimmers launch themselves from the pebbly beach straight out to sea. They began a vigorous crawl that would have had them in Algiers for lunch, and I was relieved to watch them, at what seemed a dangerous distance from the shore, finally turn round and head back.

I had no cause for worry, according to the chambermaid who brought me *café-au-lait* and buttery *croissants* for breakfast. Because of its climate, Nice is full of retired people leading year-round outdoor lives. They are healthier than I. I am not sure how good all that sun is – their skin looks like tanned leather – but I determined to take a leaf out of their book. I decided to lay off Sunday morning *socca*, and enrich myself spiritually instead.

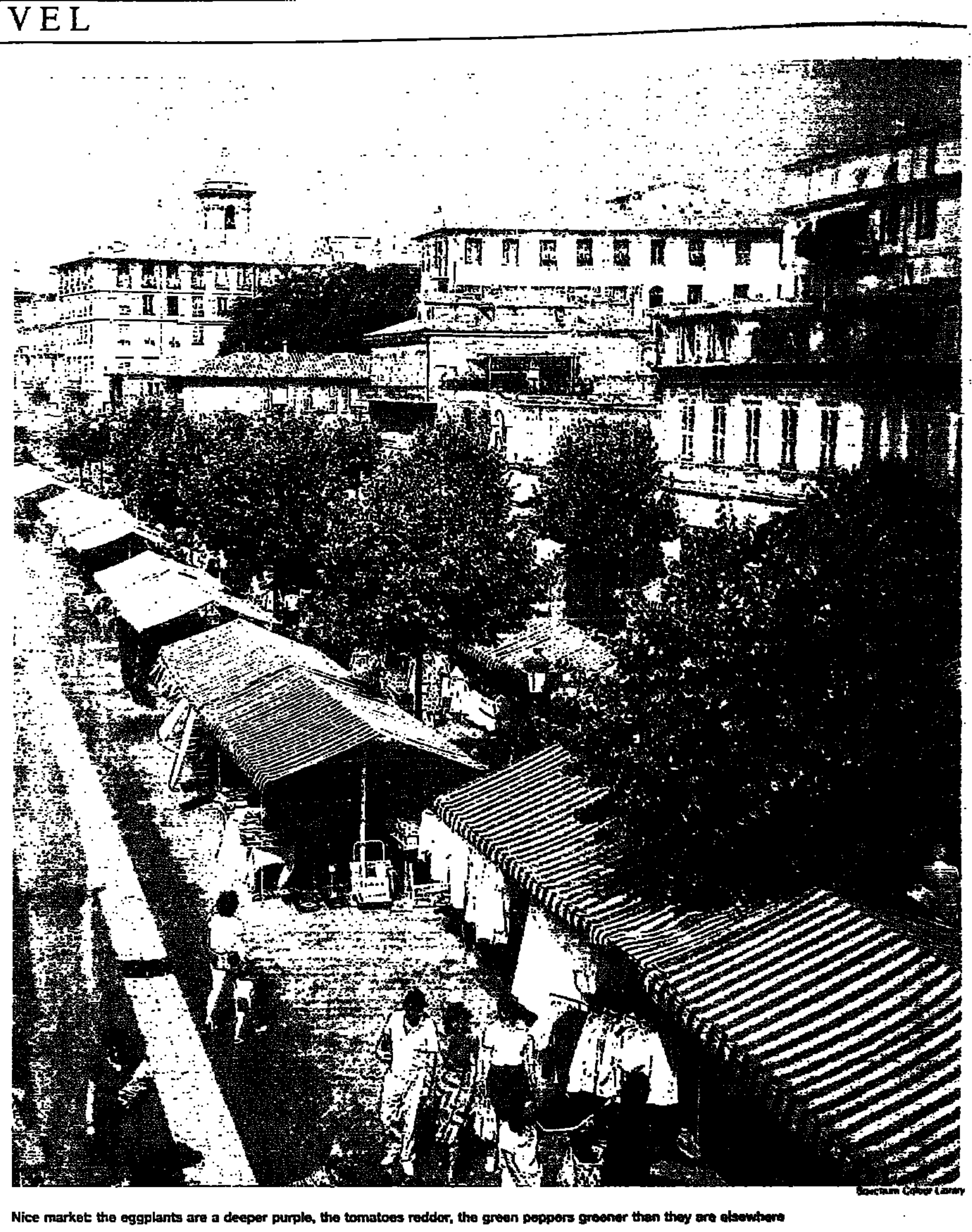
Socca is a Nice speciality, a large thin pancake made of chick-pea flower and olive oil; sprinkled with pepper, it is an addictive snack. The best place to buy it is from Theresa at the Sunday morning flower market in front of the Prefecture. With her jet-black hair, crimson lipstick, dangling gipsy earrings, tight red jumper and dark, flame-throwing eyes, Theresa is a formidable woman. She also makes formidable *socca*. Half the men in Nice line up to buy *socca* at her stall.

But I wanted spiritual nourishment instead. I began by popping into one or two of Nice's sumptuous Baroque churches. There is nothing dull about them; they are so full of intricate plasterwork, marble and gilt that northern sensibilities might even find them gaudy. Nor is there anything dull about Marc Chagall's *Biblical Message*, the 17-canvas *chef-d'oeuvre* of religious symbolism I toured at the Chagall Museum. Whimsical images of levitating goats, flying violins and floating brides are just the thing for a Sunday morning.

But now, at noon, my resolve has weakened. I think a quick hop up to St Paul-de-Vence in the hills behind Nice would do me no harm. St Paul has a well-known restaurant, the Colombe d'Or, made famous by Yves Montand and Simone Signoret. St Paul has become a summer-time tourist trap. None the less, it is one of the loveliest medieval stone villages on this coast, and in winter well worth visiting.

I will not dawdle, though. After lunch I plan to take everyone's favourite Sunday afternoon walk, a long stroll down the Promenade des Anglais, beside the roller-skaters and joggers, the Rolls' and mink coats, the palm trees and the sea. Then, tomorrow, back to London. It is still raining there. But there is a chance of occasional bright spells.

■ *Nicholas Woodsworth's weekend in Nice was organised by VFB Holidays, specialists in city breaks and longer holidays in France. Contact VFB at: Normandy House, High Street, Cheltenham, Glos, GL50 3HW. Tel: 0242-235515, fax 0242-570340.*



Spectrum Colour Library

Nice market: the eggplants are a deeper purple, the tomatoes reddor, the green peppers greener than they are elsewhere

Motoring/ Stuart Marshall

VW's pollution-beater

Just a few amps to get me ohm: An electric car driver plugs in at a car park power outlet to give the batteries a quick fix

Can a diesel-engined car really cause less atmospheric pollution than a battery-electric vehicle? It seems unlikely, but according to Volkswagen, it is true, subject to a couple of qualifications. The diesel car must be a Golf Ecomatic and the batteries have to be charged with current generated by burning fossil fuels.

If the power station's boilers are fired with a particularly dirty fuel – like some kinds of low-grade coal – the Ecomatic will be even cleaner than a battery car. Only when it runs on a charge generated by nuclear or hydro-electricity can a battery car beat the Ecomatic for environmental friendliness.

The secret of the the Ecomatic's spectacular cleanliness? It works like a free-wheeling cyclist, using energy only when needed.

Fuel wastage and air pollution are reduced by the engine shutting itself off when power is not needed to accelerate or maintain speed, or when the car is standing still.

In essence, the Ecomatic is a normal Golf powered by a 1.9-litre diesel engine with exhaust catalyser and a five-speed gearbox. It has only accelerator and brake pedals because the clutch works automatically. When the driver lifts off the accelerator, the engine cuts out, restarting when the pedal is pressed.

When I tried an Ecomatic, I found it almost as relaxing as a proper automatic. It was easier to drive than a car with a normal clutch and much quieter because, even in moderately heavy traffic, the engine was off more than on. As a bonus, a light came on to indicate the most economical time to change up a gear. The result of all this is an achievable urban cycle fuel consumption of under 5l / 100km, which is close to 60mpg and makes the Ecomatic almost a teetotaller among cars. Indeed, Britain's offical Warren Spring environmental laboratory called it the cleanest car it had ever tested.

The Golf Ecomatic will be on sale later this year. Sadly, it is expected to cost about £1,000 more than a normal Golf 1.9-litre diesel because sophisticated electronic controls and limited production runs do not come cheaply. In addition to the engine and clutch management electronics, the Ecomatic needs extra electrical kit to keep the power steering and brake servo working when the engine is not running. Also, it must have an extra battery to cope with the power drain of continual re-starting and the use of headlamps and heated rear window with a dead engine.

The Ecomatic can, of course, be driven long distances at motorway cruising speeds exactly like the normal diesel car it is, but VW thinks its most sensible use would be as a town car.

All of which brings me back to the battery-electric cars I was discussing last week and, specifically, to the large-scale feasability study being conducted by the French motor industry and the national power generating company, EDF. Driving a Peugeot 106 battery car in La Rochelle, I had a taste of motoring's future and I think it really could work, given application of a legal stick and financial carrot.

The PSA Group (Peugeot-Citroën) has provided 50 battery-electric cars – 25 each of the 106s and Citroën AXs – and EDF has developed a recharging infrastructure. Batteries which give a range of around 50 miles (80km) normally are recharged overnight at users' homes. During the day, they can be perked up in a few hours at points in car parks operated by "smart" cards, or given a 15-minute boost – good for another nine-12 miles (15-20km) – at Total service stations.

The electric cars are being rented (for around £100 a month) by such people as doctors, government officials and businessmen, who will commute in them to their offices in La Rochelle from their homes up to 25 miles (40km) away. The rent includes the nickel-cadmium battery pack, which is reckoned to last for up to 10 years and will eventually cost more than £5,000, at today's prices, to replace.

Users pay for their own electricity. A home charge, good for 50 miles (80km), costs around £1.25; daytime top-ups come dearer. As a sweetener, La Rochelle city council is waiving parking charges for battery car users, although it will not let them use bus lanes or park with impunity on single yellow lines.

PSA will manufacture up to 5,000 battery-electric 106s and AXs this year. It thinks that if the authorities increase the heat on city-centre drivers using cars with petrol or diesel engines, total European production of electric cars by the year 2000 could be 200,000 units. Of this, PSA might have a 25 per cent share.

No one spoke about costs because the whole thing is a test marketing exercise. When a limited number of battery 106s and AXs go on public sale later this year, they must – unless subsidised – cost more than petrol or diesel equivalents.

They go remarkably well, though. The 106 I drove was power-steered and, on a length of dual carriageway, I saw 90kph (56mph) on the speedometer. Tyre swish apart, it was virtually silent.

It rode like a heavily-laden car (remember those batteries) but was as easy to drive as a golfer's caddy car. The main problem was avoiding pedestrians who could not hear it approach.

As a family's second or third car, a battery-electric 106 or AX would have a lot going for it as a very short-range runabout. But, until vehicles with internal combustion engines are banned from environmentally sensitive areas such as city centres, an Ecomatic has to make more sense.

You need only to fill its tank with diesel to drive it non-stop for 500 miles (805km). And you could remind yourself that unless you lived in France or Switzerland, which produce nearly all their electricity by nuclear or water power, you would be driving an environmentally cleaner vehicle.

Skiing / Arnie Wilson

Where the rain clouds have a snowy lining

Could this really be north America's top ski resort? With thick clouds covering the Canadian mountains and rain beating on my window, it was difficult to imagine. A few die-hard skiers were swimming about at the bottom of the Wizard Express, wearing see-through plastic coats emblazoned with the words "Blackcomb at Whistler" which skiers who want to avoid being drenched can buy for C$2.

But if you think that any ski resort which dishes out rainwear might have a struggle to attract customers, you would be wrong. Much to the fury of Vail, the "twin-peaks" of Whistler and Blackcomb, already Canada's top ski resort, have knocked the Colorado resort off its perch as the top ski destination in north America, according to one magazine survey.

Nevertheless, you do have to be a particular breed of skier to get the best out of Whistler when the elements are conspiring against you. Whistler is a resort of paradoxes: at 2,214ft the ski village itself is lower than Kitzbühel, one of the lowest major resorts in Europe. Yet with skiing at over 7,000ft on both Whistler and Blackcomb Mountains, the resort has the biggest vertical drop in north America.

Whistler is close to Canada's west coast and it is often touch and go whether precipitation falls as rain or snow on the lower slopes.

From the warmth of my room at the elegant Chateau Whistler Resort hotel it looked like a day to avoid skiing. And yet the day before, I had braved exactly the same conditions and enjoyed some of the best skiing in a winter already crowded with highlights. All it needed was motivation.

Fair-weather skiers miss out on outrageously good skiing and a lot of fun. Optimists hope that when it is wet in the resort, it could be snowing higher up. They are often correct. Every time I have heaved myself on to a mountain in grim weather, I have enjoyed exceptional skiing . . . and returned with glowing cheeks and well-exercised lungs.

The snow is not always "champagne powder". Even Tyax Heliskiing, which claims in its brochure that "you will be rewarded with the ultimate prize: endless powder" admits elsewhere in its literature that heliskiing is defined "not as powder skiing but rather as wilderness skiing in untracked snow".

During my day in the blizzard, Leanne Hutton, my guide, tried to sort out my deep-snow technique: "You should absorb the bumps more. You get away with it in powder and crud because the deep snow absorbs *you*!"

After retreating from some otherwise excellent skiing on Blackcomb's Horstman Glacier after visibility became tricky, we stayed in the trees and skied lower terrain on both mountains. After a while we hardly noticed that it was snowing heavily except that as each hour went by the snow became deeper and the skiing more exhilarating.

In Canada's top ski resort the chic accessory is a C$2 plastic raincoat

On Whistler Mountain, Goat's Gulley, a narrow steep black run with ledges here and there which made it resemble a series of snow-filled waterfalls, was particularly enjoyable in deep snow.

The only time we felt miserable rather than elated was riding the chairs. On Blackcomb's so-called Solar Coaster chair bone-chilling winds pierced our soaking ski clothes.

A day or two later, we managed to get into Whistler's famous and vast bowl area, which is frequently closed because of high winds or avalanche danger. There are six: Glacier Bowl, Sun Bowl, West Bowl, Whistler Bowl, Harmony Bowl and Burnt Stew Bowl, now re-christened Symphony Bowl (the resort has been re-considering a number of names. A run called Hooker, a logging term, now has no name at all. An area called Spankey's is also causing concern.)

Whistler's bowls are all accessed by the Peak Chair. People standing in line sometimes have a grandstand view of the more hair-brained breed of skier leaping off steep cliffs above. Ski poles are rattled like sabres and there is a wild baying, working up to fever pitch as the queue wills the skiers to leap, hoping for either triumph or tragedy.

There was particular excitement when two skiers inched their way towards the most spectacular plunge of all: off Jordan's. This involved a 200ft leap on to such steep terrain that the chances of stopping before being committed to a further leap of 60ft over rocks were minimal. The first skier had scarcely gouged a huge hole in the snow after his initial leap than he was hurtling off on the second jump. As he made another bomb-blast in the snow like a flattened Tom and Jerry cartoon victim, a huge roar burst from the lift-queue. Extracting himself from his snowy crater, the skier waved his poles in the air triumphantly to his audience, who were slightly less ecstatic when his companion managed to check his momentum and come to a halt between his two jumps.

There was more drama to come: while I was getting my bearings on Burnt Stew Trail, an easy path which links the bowls and enables intermediates to glide around the bowl area, an Australian immigrant, Pete Dize, skiing a steep, ungroomed part of Harvey's above the trail, triggered a small but potentially lethal avalanche and fell in its wake. He was swept down to the path and buried 10 yards from me. With two other skiers, I hurried to dig him out. Stunned by a blow to his head, he could have "drowned" if he had been alone.

■ *On January 1, Arnie Wilson embarked on an FT Round the World Ski Expedition. Arnie will be sending monthly expedition reports. This article was written before he set off.*

■ *Arnie Wilson travelled to Whistler with Crystal Holidays, Crystal House, The Courtyard, Arlington Rd, Surbiton, Surrey KT6 6BW. Tel 081-399 5144 and Canadian Airlines, 2nd floor, Rothschild House, Whitgift Centre, Croydon, Surrey, CR9 3HN. 0345-616767. He stayed at the Chateau Whistler resort. Helicopter skiing is available with Tyax Heliskiing (a three-run package including lunch on the mountain costs C$350) plus weekly packages which include accommodation, meals, a guide and an avalanche transceiver. An introductory week costs around C$3,000. A full seven-day package with 100,000 vertical feet of heliskiing costs approximately C$4,690.*

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There *is* such a thing as a free lunch

Nicholas Lander on how to obtain 25 per cent off a meal out and win a free dinner

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Caviar House "The Brasserie" London W1V. *071-409-0445*
The Coffee House at the Hotel Intercontinental London 1 Hamilton Place, Hyde Park Corner, London W1V OO4. *071-409-3131*
The Chateau Stratton Street, London W1. *071- 915-2842*
Chesters 359 The Mall, Upper St, London N1 *071-359-1932*
Chilworth's 18 Chilworth St, London W2 *071-724-8575*
Ciao 222 Munster Road, London SW6. *071-381-6137*
Clifton Inn 96 Clifton Hill, London NW8. *071-624-5233*
Crowther's 481 Upper Richmond Road West, London SW14. *081-876-6372*
Cuba Libre 72 Upper St, London N1. *071-354-9998*
Da Mario 63 Endell St, London WC2. *071-240-3632*
Daphne 83 Bayham St, London NW1. *071-267-7322.*
Deals West 14-16 Fouberts Place, London W1V. *071-287-1001*
Deals Chelsea Harbour Unit G2 Harbour Yard, Chelsea Harbour, London SW10. *071-376-3232*
Deals Hammersmith Bradmore House, Queen Caroline St, London W6. *071-584-8128*
The Depot Tideway Yard, Mortlake High St, London SW14. 081-878-9462
Doggets Coat and Badge 1 Blackfriars Bridge, London SE1. *071-633-9057*
Downtown Suleman's 1 Cathedral St, London SE19. *071-407-0337*
Draycotts 114 Draycott Avenue, London SW3. *071-584-5359*
Ebury St Wine Bar 139 Ebury St, London SW1. *071-730-5447*
Fino's 12 North Row, London W1. *071-491-7261*
Fino's Wine Bar and Restaurant 123 Mount St, London W1. *071-491-1640*
The Footstool Restaurant St John's Smith Square, London SW1. *071-222-2779*
Fox and Anchor 115 Charterhouse Street, London EC1. *071-253-4838*
The Fox House Club 46 Clarges St, London W1. *071-493-6138*
Mr Garraway's 46 Gresham St, London EC2. *071-606-8209*
Gavin's 5 Lacy Road, London SW15. *081-785-9151*
Ghq Dining Club 21 Gower St, London WC1. *071-636-7612*
Gilbert's 2 Exhibition Road, London SW7. *071-589-8947*
Glaisters 4 Hollywood Road, London SW10. *071-352-0352*
Gumbo Ye-Ya 184a Kensington Park Rd, London W11. *071-221-2649*
Hilaire 68 Old Brompton Rd, London SW7. *071-584-8993*
Horniman At Hay's Hay's Galleria, Tooley Street, London W1. *071-439-3758*
Hoults 20 Bellevue Road, London SW17. *081-767-1858*
Jakes 2 Hollywood Road, London SW10. *071-352-8692*
Jasper's Bun In The Oven 11 Kew Green, Richmond TW9. *081-940-3987*
Joe's Brasserie 130 Wandsworth Bridge Rd, London SW6. *071-731-7835*
Khans Of Kensington 3 Harrington Rd, London SW7. *071-581-2900*
The Lindsay House 21 Romilly St, London W1. *071-439-0450*
Maccarone Jazz 100 102 Heath St, London NW3. *071-431-4423*
Magno's Brasserie 65a Long Acre, London WC2. *071-836-6077*
The Marquis Restaurant 121a Mount St, London W1. *071-499-1256*
The May Fair Cafe Berkeley Street, London W1A 2AN. *071-629-7777*
Merlin's 48-50 Western St, London SE1. *071-378-8287*
Le Metro Wine Bar 28 Basil Street, Knightsbridge, London SW3 1AT. *071-589-6286*
Le Mistral 16a Short's Garden, London WC2 *071-379-8751*
Newtons 35 Abbeville Rd, London SW4. *081-673-0977*
Noah Brothers 773 Fulham Road, London SW6. *071-736-7311*
La Paquerette Finsbury Square, London EC2. *071-638-5134*
Pasta Fino The Grosvenor House, Park Lane, London W1. *071-499-6363*
The Pavilion Finsbury Circus Gardens, London EC2. *071-628-8224*
Pavilion Grosvenor House, Park Lane, London W1. *071-495-2275*
The Red Fort 77 Dean St, London W1. *071-437-2115*
Red Of Knightsbridge 8 Egerton Garden Mews, London SW3. *071-584-7007*
Rhapsody 25 Richmond Way, London W14. *071-602-9515*
La Rive Gauche 61 The Cut, London SE18. *071-928-8645*
Riva 169 Church Road, London SW13 *081-748-0434*
Cafe Rouge 2 Lancer Square, Kensington Church St, London W8. *071-938-4200*
Cafe Rouge Maida Vale 30 Clifton Rd, London W9. *071-286-2266*
Cafe Rouge 390 Kings Road, London SW3. *071-352-2226*
Cafe Rouge 855 Fulham Road, London SW6. *071-371-7600*
Cafe Rouge 31 Kensington Park Road, London W11. *071-221-4449*
Leadenhall Wine Bar 27 Leadenhall Market, London EC3. 071-623-1818
Rowley's 113 Jermyn St, London SW1. *071-930-2707*
San Frediano 62 Fulham Road, Chelsea SW3. *071- 584-8375*
Serafino's Restaurant 8 Mount St, London W1. *071-629-0544*
Shillibeers Carpenter's Mews, North Road, London N7. *071-700-1858*
Snows On The Green 166 Shepherds Bush Road, London W6. 071-603-2142
Soho Brasserie 23-25 Old Compton street, London W1. *071-439-3758.*
Solange's Brasserie 11 St Martin's Court, London WC2. *071-240-9936*
Sol E Luna 22 Short's Gardens, London WC2. *071-379-3336*
La Spezia Ristorante & Bar 35-37 Railway Approach, London SE1. *071-248-1018*
Sri Siam 14 Old Compton St, London W1. 071-434-3544
Stephen Bull Bistro 71 St John's St, London EC1. *071-490-1750*
Stephen Bull 5-7 Blandford St, London W1. *071-486-9696*
The Tall House 134 Southwark St, London SE1. *071-401-2929*
The Tank 57-58 Charterhouse St, London EC1. *071-251-4129*
Throgmorton Restaurants 27a Throgmorton Street, London EC2. 071-588-5165
Tiddy Dols 55 Shepherd Market, London W1. *071-499-2357*
Trattoria Fiori 87-88 Mount St, London W1. *071-499-1447*
Veronica's 3 Hereford Rd, London W2 *071-229-5079*
Walton's 121 Walton St, London SW3. *071-584-0204*
Wheelers 4 South Moulton St, London W1. 071-629-2471
Wheelers Vendome 20 Dover St, London W1. *071-629-5417*
Wheelers Sovereign 17 Hertford St, London W1. *071-499-4679*
Wheelers 125 Chancery Lane, London WC2. *071-404-6071*
Wheelers Alcove 17 Kensington High St, London W8. *071-937-1443*
Wheelers City 19-21 Great Tower St, London EC3. 071-626-3685
Wheelers Carafe 15 Lowndes St, London SW1. *071-235-2525*
The Wigmore Restaurant 38 Wigmore St, London W1. *071-487-4874*
Willoughby's 26 Penton St, London N1. *071-833-1380*
Yien Restaurant 15 Muswell Hill, London N10. *081-444-6830*

OUTSIDE LONDON

Brasserie St. Pierre 57-63 Princess St, Manchester *061-228-0231*
Beetle and Wedge Hotel Dining Room and Boathouse, Moulsford, OX10 9JF. *0941-651281.*
Brown's Brasserie Frobershire House, Nelson Gate, Southampton. 0703-332615
Combe Grove Manor Brassknocker Hill, Monkton Combe, Bath. *0225 834644*
The Falcon Castle Ashby, Northampton. *0604 696200*
Fischer's At Baslow Hall Calver Road, Baslow. *0246-583259*
The Gallery Restaurant Donnington Valley Ho And Golf Course, Old Oxford Rd, Donnington, Newbury, Berks. 0635-551199
La Grand Bouffe 48a Castle St, Liverpool. *051-236-3375*
Hunter's 5 Jewry Street, Winchester SO23 8RZ. *0962-860006.*
Hunter's 32 Broad Street, Alresford SO24 9AQ. *0962-732468.*
The Inn At Whitewell Whitewell, Forest Of Bowland, Clitheroe. *0200-448222*
Markwicks 43 Corn St, Bristol. *0272 262658*
Le Marche Noir 15 Lennox St, Edinburgh *031-332-1052*
Les Partisans 144 High St, Edinburgh *031-225-5144*
Martin's Restaurant 70 Rose St, North Lane, Edinburgh. 031-225-3106
Moon & Sixpence 6a Broad St, Bath. *0225 460962*
New Moon 6a Broad St, Bath. 0225 460962
Oakes Restaurant 169 Slad Road, Stroud, Glocs. *0453-759950*
St Olaves Court Ho Mary Arches St, Exeter. *0392-217736*
Sloan's Restaurant 27-29 Chad Square, Edgbaston, Birmingham, B15 3TQ. *021-455-3397.*
The Vintners Rooms 87 Giles St, Leith, Edinburgh. 031-554-6767
Wheelers Woodstock The King's Arms Ho, Woodstock, Oxon. *0993-811592*
Wheeler's Brighton 17 Market St, Brighton. *0273-25135*

More than 2,500 restaurants in the UK and the US are taking part in the 1994 Financial Times restaurant promotion. *FT* readers will be entitled to a 25 per cent saving on food and drinks consumed at lunch and dinner for a full six months. All take part between January 24 and February 11 will be entered in a draw for 1,000 free lunches (or dinners) for two offered to launch the scheme.

This follows last January's successful two-week restaurant promotion, Lunch for a Fiver, which offered fun and unbeatable value in the UK.

This year we offer a deal on an international scale that will last longer.

The key to the *Financial Times* 1994 restaurant offer is the *Financial Times*/Transmedia restaurant charge card. You can apply for it, free of charge, by writing to the address on the application form at the bottom of this page. After that, all you require is a valid Access, Visa or Delta charge card and a first class stamp.

Once you have sent this information off you will receive a live *FT*/Transmedia restaurant charge card which you can use in any restaurant that accepts the Transmedia card as you would any other credit card. You will also receive the Transmedia directory of 2,400 US restaurants which accept the card plus a listing of the British restaurants. As the number of British restaurants which accepts this card is growing quickly we will be providing updates of the participating restaurants on the food and drink page of the *Weekend FT*.

> *High 1980s prices have disappeared and we all want value for money*

What are the benefits for the *FT* reader?
The most obvious is the 25 per cent saving on food and beverages (excluding service and vat) to which the card entitles you. This saving applies to all the restaurants taking part whenever they are open for business.

But there is more. The attraction of this particular offer is the scope and number of the participating restaurants. If you live in London you may well be able to use it daily – for business entertaining or meals with friends or family. If you live outside London, and there is currently no Transmedia restaurant nearby, you can still apply for the card and use it when travelling.

This also applies to *FT* readers living outside Britain. You can apply for an *FT*/Transmedia card and use it when business or pleasure brings you to London, Edinburgh, Bath or Bristol. Or to the US when a business or holiday trip takes you to New York, Washington, Chicago, San Francisco or Los Angeles. Transmedia is also planning to open a Paris office later this year.

How does it work?
For readers of most newspapers such an extraordinary offer would need no further explanation but *FT* readers will doubtless be curious about its mechanics.

Transmedia advances unsecured cash to a restaurant which it then markets to Transmedia cardmembers. The advance is repaid on a 2 for 1 basis via the food and beverage credits which Transmedia card members consume at these restaurants. To encourage its members to use these restaurants more frequently Transmedia passes on a 25 per cent saving on food and beverage back to the card member via his or her Access, Visa or Delta card.

Since it was established in 1984 Transmedia estimates that it has advanced more than $130m to the American restaurant industry and, during the same period, made total savings of around $28m for its card members.

What makes Transmedia attractive to so many restaurateurs is that it has found a niche in the market, filled it and then adapted itself to keep its restaurants busy.

A restaurateur can put the unsecured cash to whatever use he or she chooses. Banks have never understood the restaurant industry, sometimes with good reason, but often because restaurateurs offer little in the way of security. A lease is normally a restaurant's main asset and, frequently, the terms of a lease can preclude a change of use if the restaurant fails.

None of the restaurants which join Transmedia are working with such large margins that they can afford to reduce their prices for ever. But each has a different commercial need and can see a positive use for an interest-free advance: to repay a bank overdraft or directors' loans or to redecorate or re-equip and improve service. The managing director of one highly popular wine bar has joined because, after 14 years of packed houses, she feels the building needs a bit of a facelift and Transmedia can provide the necessary capital.

Transmedia takes the risk of advancing cash to the restaurant industry and minimises this risk by marketing and promoting the restaurants. During the late 1980s many US restaurants joined Transmedia as the recession affected demand and high interest rates made bank borrowing to finance promotion or publicity unthinkable. But, as the US economy improves, there has been no slacking in the call for Transmedia's services.

The reason for this is something that is now being learnt and applied by British restaurateurs. The high prices of the 1980s have disappeared and we are all demanding value for money whether it is business or social entertaining.

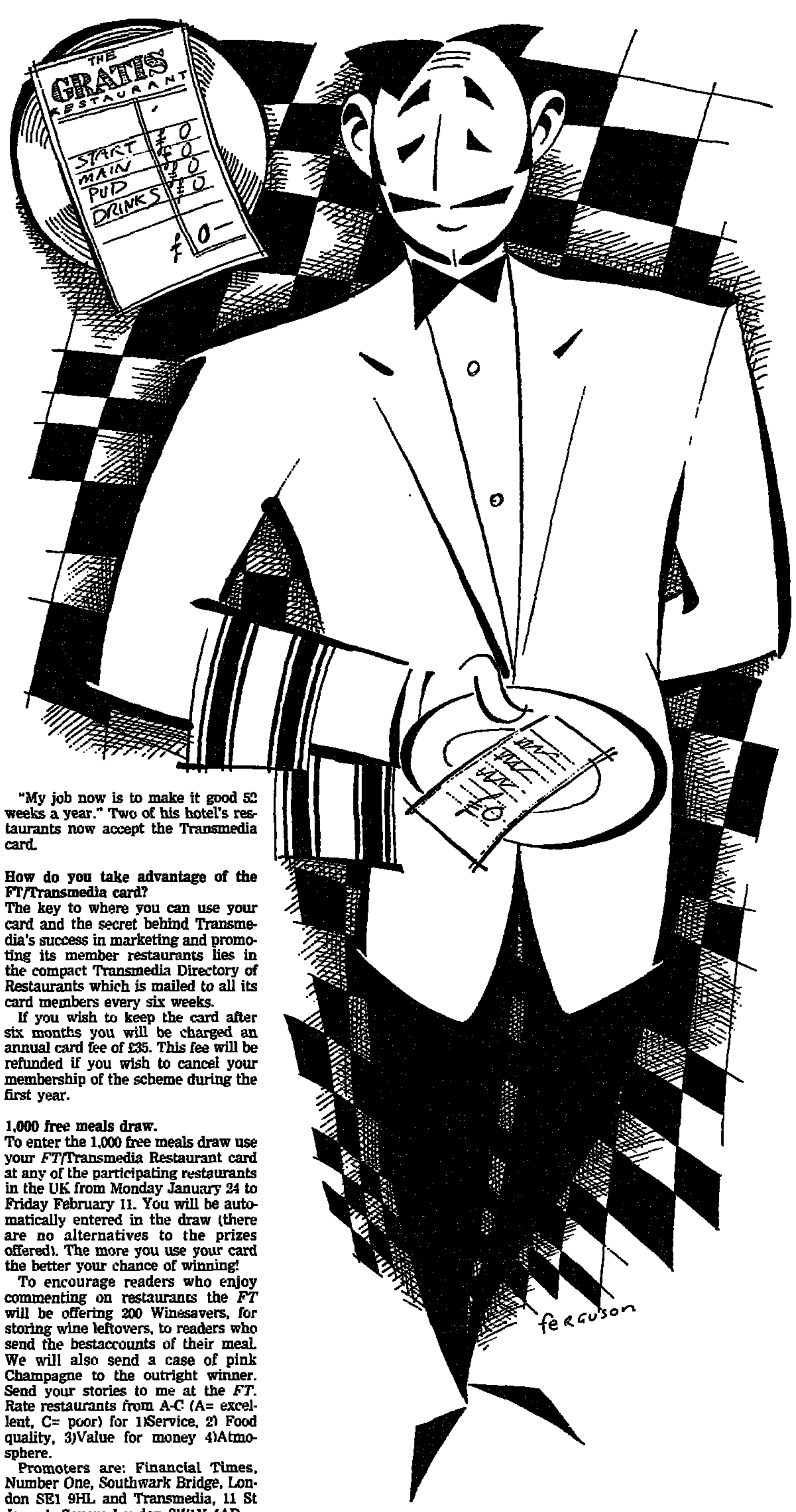
This means lower prices. To compensate for this, and rising overheads, restaurants are opening longer and later. The most costly item today is not an extra waitress but an empty table.

One restaurateur, who plans to open a large brasserie later this year in London's West End, estimates that to break even his turnover will have to be at least £2.5m – and that is before the builders have left the site.

A number of restaurateurs have successfully been able to keep their restaurants busy enough to make them profitable and Ed Guinan, Transmedia's European chairman, is aware that Transmedia may not be for every restaurateur.

But for those keen to increase volume and turnover – and the British restaurateurs who have already joined Transmedia will soon have the benefit of increased business from visiting US cardmembers – Transmedia may provide an effective solution.

As Seth Lewis, food and beverage manager at the Grosvenor House, on Park Lane, central London explained: "Business is considerably better than it was a year ago but it is still only good 40 weeks a year.



"My job now is to make it good 52 weeks a year." Two of his hotel's restaurants now accept the Transmedia card.

How do you take advantage of the FT/Transmedia card?
The key to where you can use your card and the secret behind Transmedia's success in marketing and promoting its member restaurants lies in the compact Transmedia Directory of Restaurants which is mailed to all its card members every six weeks.

If you wish to keep the card after six months you will be charged an annual card fee of £35. This fee will be refunded if you wish to cancel your membership of the scheme during the first year.

1,000 free meals draw.
To enter the 1,000 free meals draw use your *FT*/Transmedia Restaurant card at any of the participating restaurants in the UK from Monday January 24 to Friday February 11. You will be automatically entered in the draw (there are no alternatives to the prizes offered). The more you use your card the better your chance of winning!

To encourage readers who enjoy commenting on restaurants the *FT* will be offering 200 Winesavers, for storing wine leftovers, to readers who send the bestaccounts of their meal. We will also send a case of pink Champagne to the outright winner. Send your stories to me at the *FT*. Rate restaurants from A-C (A= excellent, C= poor) for 1)Service, 2) Food quality, 3)Value for money 4)Atmosphere.

Promoters are: Financial Times, Number One, Southwark Bridge, London SE1 9HL and Transmedia, 11 St James's Square London SW1Y 4AD.

FINANCIAL TIMES/TRANSMEDIA RESTAURANT PROMOTION TERMS AND CONDITIONS

The *FT*/Transmedia Restaurant Promotion entitles readers to apply for an *FT*/Transmedia Restaurant Card free for the first six months. Annual membership fees are £35 and will be billed to your credit card account at the end of the fee-waived period.

Card holders may cancel membership at any time for a full refund on return of the *FT*/Transmedia Restaurant Card. To participate in the promotion, readers must have a Visa, Mastercard, or Delta credit card.

The *FT*/Transmedia Restaurant Card entitles holders to a 25 per cent saving on the cost of the food and beverage portion of restaurant bills (not including VAT, service and tip) at participating restaurants.

Reservations for parties of seven or more must be booked through the Transmedia office.

Reservations are subject to space available. The telephone number for reservations is 071-930-0700.

To use your *FT*/Transmedia Restaurant Card select a participating restaurant from the list published in the *FT*.

Present your card at the end of the meal as you would any other major credit card, sign the Transmedia slip for the full amount and keep your copy. Transmedia, not the restaurant, gives the 25 per cent saving and therefore that will not be deducted at the restaurant but will appear on your Visa, Mastercard or Delta statement.

Transmedia will charge your Visa, Mastercard or Delta account for the full amount of the Transmedia charge slip and will process a corresponding transaction crediting your account for the 25 per cent discount on the food and beverage portion of the slip.

Continue to check the published list of restaurants as some restaurants may be added or deleted. Restaurant directories will be sent to cardholders updating participating restaurants after the initial promotion has ended.

Only the application form printed in the *FT* is valid. Photocopies or any other reproductions will not be accepted. Closing date for receipt of applications for the launch promotion is Friday, January 21 1994. Applications should be sent to *FT*/Transmedia Restaurant offer, PO Box 85, Watford, WD2 4WQ.

Cards are expected to be sent within 7 days of application receipt. Transmedia will continue to accept card applications after the initial closing date, but cannot guarantee delivery in time for the launch promotion.

Following the end of the *FT*/Transmedia Restaurant Promotion, a computer-generated random selection will be made of 1000 Transmedia restaurant charge slips generated over the promotion period of Monday January 24 to Friday February 11 1994.

Charge slips selected entitle each winner to receive a £50 Transmedia credit toward their next visit to any Transmedia restaurant while continuing to enjoy a 25 per cent discount with their Transmedia card. The selection will take place on Tuesday, March 1 1994. Winners will be notified as soon as possible after Monday March 7.

The *Financial Times* and Transmedia cannot be responsible for lost or stolen cards, although Transmedia will make every effort to recover these cards. Transmedia will provide restaurants with an updated list of invalid cards. The card holder should inform Transmedia as soon as possible to expedite this procedure.

APPLICATION FORM FT/TRANSMEDIA OFFER

Please compete the details in BLOCK CAPITALS and send to: FT/Transmedia, PO Box 85, Watford, WD2 4WQ

Title............First Name..

Surname...Initials..........

Job Title..

Department...

Company...

Billing Address..

....

....

....

Post code.......................Phone No........................

Name of additional authorised user

....

Which newspaper do you most regularly read?

Weekday.................................Saturday.................................

Applications must be received by January 21,1994
Cards will be sent within seven working days
Visa/Mastercard/Delta Account Number

Card expiry date

I hearby authorise Transmedia UK plc. or the assignee, to debit the above listed Visa/Mastercard/Delta account directly for all restaurant charges incurred by me or an authorised user and for my annual membership fee (£35), should I choose to remain after the initial fee-waived period of six months. I understand all restaurant charges (other than service, tip and VAT) incurred by me, or an authorised user will be offset by a 25 per cent credit when being debited to my credit card account. I recognise the Transmedia Card is the property of the issuer and will be returned by me on request.

Signature...
(No application will be accepted without a signature)

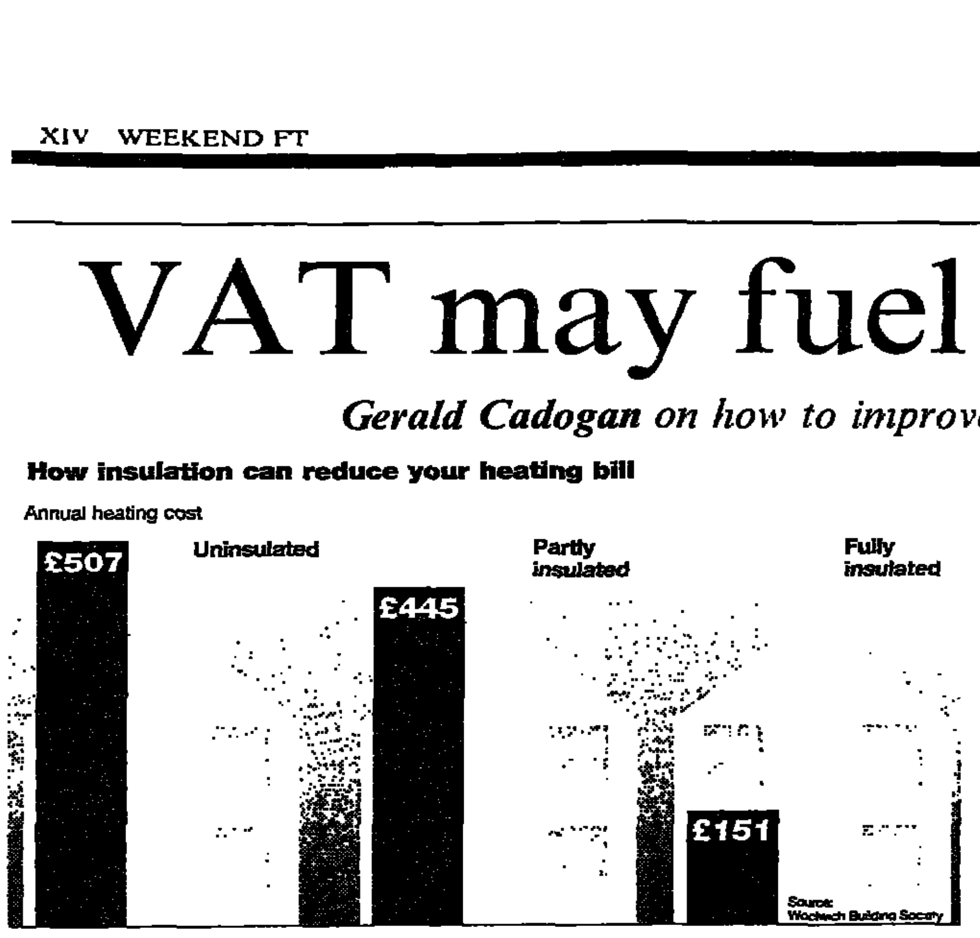
The information you provide will be held by the Financial Times/Transmedia and may be used to keep you informed of FT products and by other selected companies for mailing list purposes. The FT is registered under the Data Protection Act 1984. Financial Times, Number One Southwark Bridge, London SE1 9HL. Please tick this box if you do not wish to receive any further information from the FT Group or companies approved by the FT Group ☐

PROPERTY

VAT may fuel a move to greener homes

***Gerald Cadogan** on how to improve the energy-efficiency of your house – and save money on heating bills*

How insulation can reduce your heating bill



The Vatman cometh in April to claw 8 per cent on domestic energy bills from every house and flat in the country. *A year later he will* take 17.5 per cent. They are painful charges. But despair not. You can ease their impact.

In the short-term, fill the oil tank (if that is the fuel you use) in March and pre-pay as much as you can afford for gas, oil and electricity.

Over the long term be prepared to be strict. Sit down and work out your annual costs. Then think hard how to make a more energy-efficient home. How can it create less carbon dioxide, the chief agent of the greenhouse effect, and save you pounds? *All three fuels* affect the environment. If you think electricity must be cleaner, remember that it starts at the power stations.

Pre-payment gives temporary relief to the household purse, but does nothing for the environment. As cash flow, it will delight suppliers but not Kenneth Clarke, the chancellor, *since it cuts the tax take.*

Pay before VAT on fuel comes into force and you will not be liable for the tax until your credit with your supplier runs out. You forfeit use of the money but, with interest rates on cash well below 8 per cent it has to be a bargain. And you have the comfort of knowing the bills are paid.

How much can you manage? A year's worth, or two or three? If you pay a monthly average through the year, it may be more complicated. But *it should still be possible to pre-pay between now and* March.

Then check on how to cut your heating bills permanently. The first steps are easy. Wear more clothes, lower the thermostat, draw the curtains earlier and turn off unnecessary lights. Long-life, low-wattage bulbs are expensive but better value in the long run. If your home is stuffed with electrical gadgets, from coffee-makers to video recorders, need they be on all the time?

Payback is the vital concept for the next stage for improving insulation and heating water in the most efficient way possible. Heating costs account for more than half the typical fuel bill. Woolwich Building society has estimated that, if the thermal jacket around the hot water tank is less than three inches thick, a new, denser, foam-insulated jacket will pay *for itself* in a year (payback: one to two years).

What you may need most is a new efficient gas or oil boiler. Gas and oil-fired condensing boilers are far more efficient than older types (payback: three to six years) If you replace your boiler with a gas condensing model, you may qualify for a £200 grant from *the Energy Saving Trust* (details from the Heating and Ventilating Contractors Association). For best use, have individual thermostatic controls fitted to radiators, or room *thermostats (but not the two* together), and a thermostat for the hot water cylinder.

A shelf over a radiator under a window forces hot air back into the room, and aluminium foil fitted behind a radiator, especially on an outside wall, reflects the heat inwards and stops it escaping into the wall.

A cheap way of starting a home insulation programme is to put draught excluder strips on doors and windows. Going further and insulating the loft and the spaces below the floors and in the wall cavity (if possible) are more expensive and have a payback of several years.

If you are thinking of putting in double glazing or adding external cladding to the building, and you live in a listed building or conservation area, consult the planning authority first.

If you are uncertain about what to do, call in an independent assessor under the National Home Energy Rating (NHER) scheme which measures home's energy efficiency on a scale of 0 (very poorly insulated) to 10.

Your home will be rated and you will be advised what to do and what it costs. The national average rating is about four *but new homes built to current* regulations score about seven. Authorities in Milton Keynes, the London overspill town which is full of new houses, have adopted a minimum rating of 7.5. The National Energy Foundation that runs the NHER scheme is based here.

When buying a new home, ask for its NHER score as new properties should have energy efficiency built-in.

The Woolwich, comparing two end-of-terrace three-bedroom houses, estimates an annual fuel bill of £1,205 for the typical Edwardian house (rated 2.7 and emitting 14.6 tonnes of carbon dioxide) while for the brand new house of similar size, with cavity wall *and 6in loft insulation, it* would be £560, with 6.2 tonnes of CO_2 and rated 7.5 NHER. The saving is £645. The Woolwich has also estimated how insulation can cut annual heating costs (see chart).

In new homes such as those at the Wimpey development at West Moor, Newcastle-upon-Tyne, (prices from £99,950) the *NHER score is around 9. Admi*ral Homes, building in the south-east England (in the £155,000 to £170,000 range) has a similar average, with some homes reaching a 10 rating.

Top-rated homes are usually found to be two-bedroom houses in the middle of a terrace, and buyers most concerned with energy efficiency *tend to be those making their* second or third purchase: first-time buyers seem less worried about running costs.

In the Building Research Establishment's Environmental Assessment Method (the Brecam scheme) which examines the total environmental impact of new homes and not just the heating and insulation, *Admiral believes it is the only* developer to have gained a rating of "excellent". The demands are stringent. As far as possible, the new home must be on a site of low ecological value (such as an old building site) and use recycled materials. It avoids CFC and HCFC gases that deplete the ozone layer and the timber in *the property has been pre*treated with wood preservative (rather than treated on site).

An Admiral Homes house: smoke alarms, secure cupboards and four bins for household waste

Admiral's houses have smoke alarms and secure cupboards for storing hazardous substances. There are four bins for different types of household waste and a rainwater butt. Lavatories have a maximum flushing capacity of 6 litres: a good *lavatory* can work well with 3.5 litres of water.

In the long term this is how most houses will be: cheaper to run and far more frugal with the earth's resources and will maintain their resale value.

Even solar heating may help. But solar energy can never be as successful in Britain as it is in Cyprus, for example, where *you can be sure of a bath hot*ter than any you have had from conventional heating in Britain, especially if you clean the solar panels regularly.

Lastly, plant trees, if you have a garden. Year after year they soak up CO_2. In the meantime, if VAT on domestic fuel concentrates the mind on energy saving, it may have a beneficial *side-effect.*

■ Further information: Admiral Homes, Luton (0582-26600); Building Research Establishment, Garston (0923-664664); Heating and Ventilation Contractors' Association (071-229-2488, from outside London 0345-581158); National Energy Foundation, Milton Keynes (0908-672187); Wimpey, *Newcastle (091-268-3109).*

SPORT

Equestrianism/**Keith Wheatley**

Heat is on for Olympics

Winter in Newmarket. A freezing wind scalps East Anglia. On the gallops, breath from racehorses frosts and curls away. But indoors, guests are loosening their ties and the windows are running with condensation. It is 30°C (86°F), with 80 per cent humidity. We are in the Deep South.

Costly climate control equipment is reproducing the conditions found in mid-summer in Atlanta, where the 1996 Olympics will be held. At the equine performance centre of the Animal Health Trust, an event horse wearing an oxygen mask in debilitating heat is becoming acclimatised to a canter on a massive treadmill.

Eventing is addressing the problems of running a physically demanding Olympic event in a harsher climate than ever before. The sport knows it is being watched closely by the animal rights movement, which opposes the very notion of taking horses to Georgia at that time of year.

Some top riders share their doubts, including US horseman Bruce Davidson who has been quoted as saying that no international three-day event should ever take place there. Politically, though, eventing cannot simply duck the Atlanta Olympics. Equestrianism is one of a handful of elite and expensive sports that Juan Antonio Samaranch, president of the International Olympic Committee, and other top officials would like to see eliminated from the summer games.

"If the horse sports were dropped now, they would probably never get back into the Olympics," says Dr David Marlin, head of the Newmarket research project. He hopes during 1994 to find out just what happens to the physiology of a horse under the gruelling demands of three-day eventing. "After the 1992 Barcelona games, it was clear that we didn't know what happened when horses exercised under adverse conditions – indeed, even what the phrase meant in equine terms."

In Barcelona, one event horse did collapse from heat exhaustion, although it was revived (and there was some evidence that its fitness training in Russia had been inadequate). In any case, it seems likely that dressage horses standing about in the midday sun may have suffered more than competitors blasting around a six-mile cross-country course.

What is certain is that reporters from countries such as the Netherlands and Germany, where eventing is a moral issue to match fox-hunting in Britain, were out in force. Cameras were at every difficult fence, awaiting a catastrophe.

"In Atlanta, we could have in excess of 86 degrees and 80 per cent humidity," says Marlin. "At present, no one knows whether horses can cope with that, or how long they might take to acclimatise. We need some hard facts before the sport can say whether the location is acceptable or not."

The study began last season with detailed monitoring programmes on horses taking part in the Blair Castle and Burghley three-day events. Marlin's team recorded body weight, heart rate, rectal temperature and blood chemistry at every stage of the competitions.

The next stage has been training event horses to use the treadmill so they can replicate in laboratory conditions the demands of a full competition. Four event horses owned by the British army are being used initially for this. "In about three days you can train them to walk, trot, canter and gallop," says Marlin. "They adapt much faster than humans beings tested in a gym, in my experience."

'If horse sports were dropped now, they would probably never get back into the Olympics'

He understands the wariness of those who might be shocked to see a horse wearing a face mask on a treadmill, but points out: "Any rider will tell you about the difficulty of making a horse do something he doesn't want to. You're talking about 550 pounds of bone and muscle here. It's not dangerous to the animals. We're not trying to induce heat exhaustion. If they can do only half the test, then that is it. We can see when things are starting to go wrong – which you can't when you're out on the cross-country course."

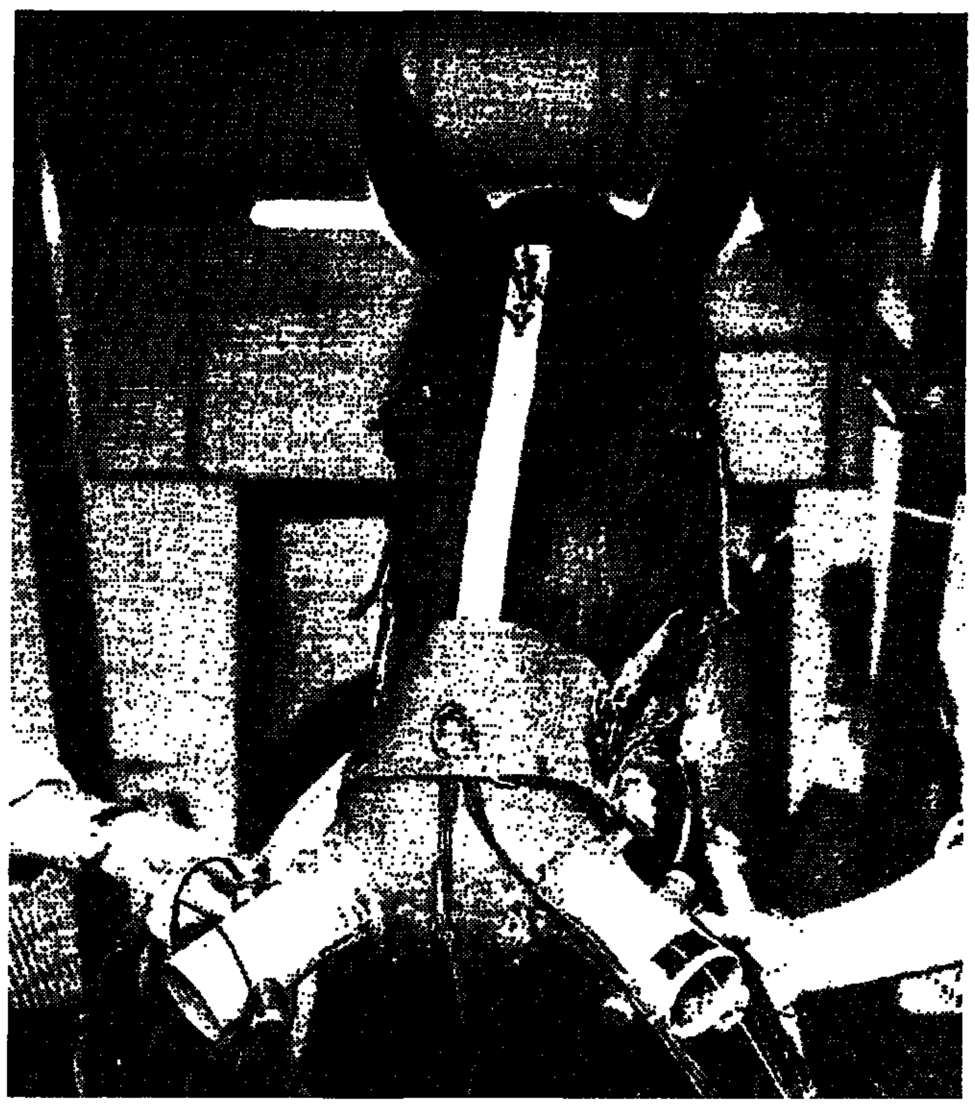
The attention to detail in the laboratory is so complete that there is even a huge fan several feet ahead of the horse's treadmill position; this simulates the air flow over the body at different speeds. The £40,000 project has been financed by equal grants from the International Equestrian Federation and the International League for the Protection of Horses.

The next stage will be in the spring when the horses are moved to an air-conditioned stable block where they will live for months in the conditions of mid-summer Atlanta. This should provide evidence of how well acclimatisation helps competition horses – rather like athletes training at altitude before the Mexico City games.

As a scientist, though, isn't Marlin affected by the fact that everyone involved in the sport wants his research to show that eventing can happen at Atlanta? After all, a "no" vote from Newmarket could kill equestrianism as an Olympic sport.

Marlin disagrees: "Our only concern is the welfare of the horses. If we come to the conclusion that three-day eventing isn't possible in Atlanta conditions, we're going to come out and say so.

"This research has implications that stretch a long way past the 1996 Olympics. In the future, I believe we'll be offering a Bupa-style checkup for the competition horse."



D J Marlin/AHT

Breath test: a horse is examined at the equine performance centre of the Animal Health Trust in Newmarket

Golf/**Derek Lawrenson**

What the professionals do in winter

Fifteen years ago Ian Woosnam used to wonder how he would make ends meet during the winter.

His seasonal earnings exhausted, Woosnam would ring around his friends in his native Oswestry to see if there was any part-time work available as a barman, a waiter, a greenkeeper or a milkman.

This was the lot of a tournament professional who had finished outside the top 20 in the money list. The year was clearly defined and there were long months to try and fill with something other than the only life they cared about.

Times have changed, at least for the male touring professionals: the women still have to do bar work or help out in their local friendly professional's shop.

Woosnam, now a tax exile and a millionaire many times over, spends November and December in the southern hemisphere before returning to his new home on Jersey for Christmas.

There is hardly any reason for professionals to take a break at all. Just 23 days have elapsed since the Johnny Walker World Championship in Jamaica, but already the restless have clubs in their hands and tickets in their pockets. The European tour season begins again on Thursday in Madeira. In the US, the winter break was even shorter. Their tour is already under way in California.

Sometimes it is difficult for the fan to sustain interest in golf in mid-winter. Did we really want to read about an another already-rich golfer earning another £1m in Sun City? Did we feel sympathy for Sam Torrance when he complained, about the heat in Jamaica, while at golf clubs all over Britain the "course closed" signs went up because of the incessant rain.

Even though they can play through the winter, many professionals take a break.

Severiano Ballesteros has not been seen since October but he has not been pulling pints or delivering milk. Usually, no-one works harder out of season on his golf than Ballesteros. This year he has changed his plans because of his chronic lower back condition. Ballesteros has spent an hour each morning doing calisthenics and working out on special machines. With two young children to occupy his time, he has had plenty to think about other than his golf. Given his poor form and lack of desire last year, this may be no bad thing. He will not play in public until February.

Ballesteros has been outspoken about the demands upon the top players by the year-round golfing calendar. His answer is to stay at home. Nick Faldo's solution is to spread his 26-tournament workload throughout the year. He is just as likely to have three weeks off in July or August, as he did in 1993, as in December or January.

For most players, there remains a period, sometimes quite short, when their winter thoughts tend to other things, other sports. Many, like Peter Baker (Wolverhampton Wanderers) and Trish Johnson (Arsenal), finally get to use their football season tickets. Paul Broadhurst follows Atherston FC of the Beazer Homes League around the country with his friends. Jamie Spence and Roger Chapman can be spotted around the paddock at Kempton race track.

Two Swedes, Joakim Haeggman and Robert Karlsson, go skiing, another, Anders Forsbrands, plays ice hockey.

Patrick Hall contemplates life and the universe with his exotic fish. Mark James watches Star Trek videos.

The point of all this is to give the mind a break from golf. Baker's play in the World Championship, when he finished 31 strokes behind the winner, Larry Mize, indicates what happens when you do not.

Nick Price, does not let anything come between him and his native Harare in December. He says: "I regard that as my golden time of the year. It's the time that I've worked really hard all year to enjoy."

The promising young professional, Jim Payne, agrees: "The season is so long that if you don't find other things to do in the winter you find you're mentally exhausted come the big events in September. You have to pace yourself. Obviously there are some players who like to play more golf than others but they'd be carting you off to the nuthouse if you didn't stop thinking about golf at some point."

Payne, likes to go and watch Grimsby play football. Such is his talent, and therefore earnings potential, that he should have enough to buy them in a couple of years. That would certainly give him something else to think about.

Gardening / **Robin Lane Fox**

Up the hill slowly

For two years, I have been engaged in an assault on a listed garden monument. Such assaults provoke others to assault them, but my news for the new year is mercifully simple. The assault is in place: immovably so, as it has involved about 200 megaliths of York stone.

I therefore declare 1994 the Year of the Mound, having changed the face of the biggest surviving mound in Britain which has dominated my Oxford college's gardens for 350 years.

Mounds, or mounts, became popular as gardening emerged from the middle ages. They were hillocks, built artificially, off which gardeners could survey their handiwork or risk a glimpse of wild nature beyond the garden wall. When New College in Oxford decided to build a mound, wild nature over its city wall amounted to the deer park and woolly fellows of Magdalen College. When complete, its mound also looked down on four famous knot gardens, embroidered with coats of arms, a floral clock and the college's motto, Manners Makyth Man.

Some believe the mound began in 1529 when 500 loads of rubbish were dumped in the gardens. Certainly, it had been started by the 1590s when "ye gardener" was being paid a shilling for piling earth "towards the making of the mount".

The piling and barrowing continued for 60 years. In 1648-49, historians focus on the civil war, but New College had an event of its own: its mound was complete, with steps at intervals up to its summit and a hedge round its girth.

Since then, the knot gardens have given way to a lawn and wild nature beyond the wall has become our barbarous building. The steps have fallen away; the fellows' learned sundial has disappeared; trees have sprouted at random, especially some horrible sycamores; and the view has been dominated by two fine holm oaks, one of which dates back to the 19th century.

In 1991, the prospect changed. Kenneth Rose, a journalist and historian, donated a sum to his old college for the mound's improvement. Everybody agreed that the undergrowth needed to be cleared, except for the London *Evening Standard* which lamented the plan, alleging that it traditionally offered covert to the sexual affairs of undergraduates.

To widen access, I pictured a tapering staircase in stone, opening the mound in a bold, full-frontal ascent.

But as a listed monument, a mound needs planning permission – and this has to satisfy building regulations and protesting parties.

Many more parties are interested now than in 1648. A pressure group for rural spaces said the idea was intrusive in a rural setting, although the garden is in the middle of Oxford; heritage groups claimed that the weeds and decay on the mound were part of your and my heritage; and the Garden History Society opposed the proposal on the ground that it did not qualify as a restoration because it was not restoring the original steps.

The city council began to waver. Could I not scale down the ambition and build a partial staircase, only a third of the way to the top of the hill? Refusing to climb down, we put the full-frontal to the councillors who debated it, voted – and let it through. After a year's "consultation", we were free to do what we wanted.

The scheme nearly foundered on the standard advice of gardening handbooks. In their diagrams, steps have separate risers and separate slabs as treads. We mapped out experimental risers and dropped flat slabs on to them like mini-bricks, but the result looked ever more awful because of the scale of the whole.

I was saved by John Robins, who practises architecture in north London. He saw that we should ignore the garden books and make the steps from single blocks. In such a bold setting, blocks have the quality which conventional treads lack.

Blocks also require muscle and the talent of stone masons. We commissioned a local team which carted and hoisted tons of gravel and the blocks for 50 broad, tapering steps.

If I encourage you to anything similar, be sure to use a trained architect: about £18,000 sufficed for the stone and labour of our staircase, which now rises like the steps up a massive ancient ziggurat, beautifying a mound which had lost its point through too many years of conservation.

The city council did make one condition. It insisted that an archaeological survey should precede this new folly. The Oxford Archaeological Unit, under Chris Bell found nothing to cause further bother, apart from some mugs, clay pipes, oyster shells and one puzzle: a quantity of small bones, remains of an unidentified animal.

These bones have now been identified, not from carbon dating but from the London cocktail circuit. In the early 1980s two female undergraduates kept a lamb in college. It lived in their bathroom; they named it Ruffly. Their cleaner fed it a toffee bar, whereupon it choked and died while its keepers were attending a lecture.

They gave it its last rites on the college mound and buried it darkly at dead of night, turning the sods with their mortarboards. Five days' archaeology on the orders of the council exhumed poor Ruffly, kept in breach of college regulations.

On a high hill (as the poet, John Donne, puts it), rugged and steep, Truth stands. Nothing stands above our staircase except a proposal for an inauguration on Ascension Day, on which atheists can merely see the stairs' ascent and others can impose a Christian interpretation. To the beat of drums, under-achieving pupils and tutors can be led up for execution by the academic auditors, sent recently by the Department of Education to measure our added value.

Perhaps visitors will call for a statue on our high hill. Some may think that Ruffly deserves a memorial, patron of our academic flock. In the deconstructed climate of today's intellectuals, I would prefer to leave a void and signify Truth by a leap into nothingness on the top.

Ashley Ashwood

Stairs with a view: the new feature of New College, Oxford's old mount

Antarctic voyage success

The crew of the *Sir Ernest Shackleton*, on a voyage to retrace the rescue mission of the British explorer after his ship, *Endurance*, was crushed by the polar pack ice (*FT*, December 18), landed safely on South Georgia *writes Roderic Dunnett*.

Trevor Potts and three colleagues left Elephant Island in Antarctica on December 24. The 23ft boat was becalmed at first but made several days' good sailing, helped by currents, before hitting 36 hours of gales.

By noon on January 3, the party was 100 miles east of South Georgia. Having made landfall, they ran into force 8 gales – recalling the harsh lee shore conditions encountered by Shackleton in 1916 – but found shelter in Elsehul, a rocky harbour at the north west tip of South Georgia and landed on January 5.

The crew plans to cross the neck of land known as the Shackleton Gap on foot, tracing, in reverse, part of the route the explorer took on his mountain trek to Stromness, the Norwegian whaling station, where he found help for his marooned companions.

Potts' arrival coincided with the start of the International Boat Show, at Earls Court, where Shackleton's boat, the *James Caird*, is displayed.

Away from Lake Wobegon

J.D.F. Jones finds Garrison Keillor allowing his irreverent imagination to take flight

Garrison Keillor is always being described as the funniest writer in America today, but be warned, he is not everyone's cup of tea. His new collection of a score of stories and scripts, *The Book of Guys*, exposes his weaknesses as well as his strengths, and confirms that he takes a big risk when he turns his back on his home base, the wonderfully named Lake Wobegon.

Keillor was – is – a radio broadcaster of genius who over eight years has published half-a-dozen collections in which the anecdotes are often framed in a first-person reminiscence of small-town life in Minnesota. They are all available in Faber paperback and newcomers might as well start with the first, *Lake Wobegon Days*, in which the gazetteer footnote on page 1 records that "bleakly typical of the prairie, Lake Wobegon has its origins in the utopian vision of 19th-century New England Transcendalists but now is populated mainly by Norwegians and Germans". Keillor then adds, in his lean, pleasing style, that "a breeze off the Lake brings a sweet air of mud and rotting wood, a slight fishy smell, and picks up the sweetness of old grease, a sharp whiff of gasoline, fresh tires, spring dust, and, from across the street, the faint essence of tuna hotdish at the Chatterbox Café…"

From the beginning, Keillor has been playing with nostalgia, and therefore with sentiment; harking back constantly to the intensity and the embarrassments of adolescence ("He had never liked beer. Beer parties were big deals at school: twenty carloads of students out at an abandoned granite quarry, a beer keg in every trunk, radios blasting, and beautiful women careening into the bushes to throw up"); risking the corny, straw-chewing, folksy wisdom ("Luck lies in not getting what you thought you wanted but getting what you have, which once you have it you may be smart enough to see is what you would have wanted had you known"). All these dangerous inclinations have been redeemed by wit ("He made a list of experiences he thought he should have in order to become a writer. He left No.1 blank for fear his mother might see it. No.2 was Europe; No.3 was despair…").

(I apologise for all these parentheses but it is difficult to convey the flavour of Keillor without resorting to excessive quotation.)

THE BOOK OF GUYS
by Garrison Keillor
Faber £14.99, 340 pages

The Book of Guys is not set in Lake Wobegon, but Minnesota still features prominently, with diversions to South Dakota, Maine, a venomously described Vermont, President Bush's D.C., and Heaven, from which the cowboy Lonesome Shorty sends his sad story. The linking theme is that "guys are in trouble. Guys are gloomy…" The fault lies in monogamy, and in particular in the nature of women in this feminist age ("A monogamous man is like a bear riding a bicycle: he can be trained to do it but he would rather be in the woods, doing what bears do.")

So it is no surprise that "Guy Pride" is sweeping the US – and here Keillor has great fun with the "Wild Man" antics of (real-life) poet Robert Bly and his imitators, not least in a monologue by Al Denny, the absent-minded, best-selling New Age author of *Being The Person You Are* and *Re-birthing The Me You Used To Be*.

Truth to tell, this is a curate's egg of a collection, by which I mean that some of the episodes should never have seen the light of day, particularly a cute anecdote about two mice and a dubious tale of a missionary's son who catches leprosy from an African toilet seat. Some are Over The Top (e.g. "Christmas In Vermont"); some are too tricky for Keillor to pull off (Zeus as a Lutheran pastor). Others are more successful: Dionysus at 50 discovering that he has run out of immortality; the injured football hero who runs happily to fat; Earl Grey, "the only living American to have a popular beverage named after him, Dr David Pepper having passed away a few years before").

Which reminds us that Keillor stands or falls as a *humorous* writer and deserves to be rated in a distinguished tradition that includes Thurber: it is no coincidence that he appears in the New Yorker. The wisecrack is part of the tradition – as in "Seduction is a mutual endeavour in which I conspire with a woman to give her an opening to do what she wants to do without reminding her that this goes against her principles". Or the deadly parody – for instance, President Bush reacting to the invasion of Chicago by the barbarian Huns: "The President is in charge, Bob. That's part of the job. I think that people who think the President is not in charge are going to have a very big surprise coming. I don't want to say what it is."

Thirdly, there is an American delight in exaggeration taken in a logical progression to absurdity – *Catch 22* is a sustained example – and Keillor has this gift of allowing an irreverent imagination to take flight. Thus, of travelling First Class: "The flight attendants wore gold-paisley sarongs slit up the side and pink-passion lipstick, they were Barnard graduates (cum *laude*) in humanities, and they set a vase of fresh roses on my table, along with the seviche and salmon loaf and crab puffs with Mornay sauce, and they leaned over me, their perfect college-educated breasts hanging prettily in place, and they whispered, 'You've got a nice butt. You ever read Kant?'"

Is that funny? Isn't it? Up to a point, Lord Copper.

Unholy alliance before check mate

I must declare an interest. I have played two chess-games against the subject of this book, Nigel Short, and one against the author, Dominic Lawson. I lost all three. Those with Short were part of a "Simul". This is when a grandmaster takes on 20 or more players simultaneously. One was for a charity dedicated to victims of torture (an appropriate cause I felt as Short tied me up in knots). Dominic Lawson also participated on that occasion and held Short to a draw.

The other was to celebrate publication of The Oxford *Companion to Chess* – one of the players, Adam Hart-Davis, actually beat Short. My Lawson encounter was a more even contest. At the end my opponent said graciously: "You ought to play with Freddie. You'd give each other a good game." He meant A.J. Ayer, his philosopher step-father, whom I did play subsequently, and the result was a draw. Afterwards Freddie said: "I think if we'd gone on I might have beaten you…" – a good example of language, truth and logic.

I mention this because it reinforces something that emerges from *The Inner Game*, Lawson's fascinating behind-the-scenes account of the recent World Chess Championship at the Savoy Theatre. Chess ability does not appear to be correlated with any other kind of ability. You can be a great philosopher and at the same time an eager duffer at chess. Alternatively you can be a great chess-player and a very unsatisfactory human being.

What, then, are Garri Kasparov and Nigel Short *really* like as people? All that counted in the end was the moves they made in their 20 games. They are given in full at the end of this book. Still, after the immense media coverage the event attracted, one remains curious to know more about them away from the board and Lawson, from his privileged standpoint as Short's confidant and support throughout the match, is the man to tell us – though, be warned, in Lawson's eyes Short can do no wrong even when he loses.

The Challenger emerges as a saintly Brit determined that one day his own name, and by implication his country's, shall be inscribed on chess's supreme roll of honour. By contrast the reigning World Champion Kasparov – "Gazza". Short calls him – emerges as an arrogant self-seeking bullying two-timing thug. Whether or not this is a gross distortion, one thing is clear: the two contenders absolutely loathed each other. Nothing was ever more formal, less real, than their initial handshakes.

Yet before the match began they came together to form an unholy alliance. It was like Churchill becoming pals with Stalin to defeat an even greater object of hatred. In this instance it was one Florencio Campomanes, president of FIDE, the governing body of world chess. Kasparov had never forgiven Campo from stopping an earlier world championship match with Karpov just when he (Garri) seemed to be moving in for the kill.

THE INNER GAME
by Dominic Lawson
Macmillan £14.99, 249 pages

And Short was piqued by Campo's plan to stage this championship match in Manchester – a deal made after much tortuous negotiation and concluded without consultation with Short who at the time was incommunicado on his way to Athens.

Both players were incensed by the 25 per cent slice of their prize-money FIDE proposed to take for itself. Thereafter a schism in international chess opened with a newly formed PCA (Professional Chess Association), the brainchild of Short and Kasparov, setting itself up as a rival ruling body. This fracture is still unhealed.

Lawson was privy to all the intricate wheeling and dealing. He had at an earlier stage in Short's career been instrumental in getting him financial backing to develop his chess from Sir Patrick Sheehy's Eagle Star insurance group. Now he was in the middle of a hurly-burly involving a consortium consisting of Rupert Murdoch's News International advised by Raymond Keene that eventually prevailed as the angel of the breakaway World Chess Championship. According to Lawson, Kasparov was keeping open the Fide option right to the end. It was a situation far more complicated than anything that happened later on the chessboard and Lawson keeps an admirably clear head describing it all.

The result was two matches for the same title: a Fide-run championship between Timman and Karpov (the runners-up of the world match) in Rotterdam; and the self-styled World Chess Championship at the Savoy between Kasparov and Short, which eclipsed the other almost totally.

Lawson takes us interestingly through Short's entire process of preparation for the great event. We observe him co-opting a team of fellow grandmasters like, the emigré Czech Lubosh Kavalek in the US and Jon Speelman in the UK, his long hours of work with them on his potential opening strategy. Chess at this level is played by committee with a chairman who has the power to override everything the committee proposes.

Then there is Lawson's exciting blow-by blow accounts of the games themselves which, without going his into a lot of boring technicalities, are pithily recreated along with all the post-mortem sessions. Even though we know the outcome, these games retain all the tension that came across at the time. Game 16, the solitary game that a grey, drained, haggard Short won, renewing our faith in him, loses nothing of its triumph in Lawson's verbal action replay.

Short's dignity in defeat was exemplary. Indeed his decorously correct behaviour in public throughout the match seems strangely at variance with his bouts of verbal abuse, especially of his opponent, recorded here. Short's wife Rea and small daughter were nearby for most of the contest whereas Kasparov's wife remained at home leaving his mum to act as his comforter – not a role much in demand.

Kasparov's Jewish father died when he was a child. Short's parents' marriage broke up; his father left their Lancashire home when Nigel was a child chess-prodigy. For this Championship Short found a father substitute in Kavalek, a man turned 50, whom he then sacked half way through the match. It was Freud who said that chess was a symbolic re-enactment of the Oedipus conflict. Possibly he was right.

Anthony Curtis

Yann Arthus-Bertrand

The red stag, long a heraldic symbol of power, has become the unwitting icon of a conservation and social clash

Red deer lock horns with green politics

Not only is the stag at bay, but most of Highland society as well says ***Jonathan Young***

That wildlife's best friends are hunters is the politically-awkward paradox that forms the basis of Michael Wigan's study of red deer and green politics.

There are some 300,000 red deer in Scotland, most of them living on some 200 deer forests – large tracts of hill inhabited mainly by deer and sheep, stalkers and shepherds. To be viable in different stalking conditions, including an unscheduled visit by hill-walkers, these deer forests tend to be big: the author's own, Borrobol, covers some 23,000 acres.

Elsewhere such estates would be exceptional but Scottish hill ground is unproductive and has always been tied up in great holdings. Before the private lairds there were the clan chiefs. Now there are new landowners, such as the RSPB and Scottish Natural Heritage, with new ideas. The heather hills, once the sportsman's lonely preserve, are now cherished as part of Europe's last wilderness. Conservationists, ramblers and mountaineers all want their share of these private estates devoted to deer. The red stag, long a heraldic symbol of power, has become the unwitting icon of a conservation and social clash.

The new conservationists stress that the glens once supported far higher human populations, who were removed in the Clearances between 1780-1830 and replaced by sheep; the Victorians then discovered deer-stalking and some 3.6m acres were given over to this. The owners were abetted by the sheep and deer in this transformation, whose busy molars ensured that all trees were shorn to destruction and that a deer forest remained anything but wooded.

THE STAG AT BAY: THE SCOTTISH RED DEER CRISIS
by Michael Wigan
Swan Hill Press £12.95 150 pages

This is no longer acceptable in conservationist circles, where bio-diversity is all. The aim now is to reproduce the ancient Caledonian forest, to restore the land to its prehistoric state. Wigan describes how the Cairngorms Working Party Report outlined a strategy for the creation of two vast new forests at Strathspey and Mar. All foreign trees, such as larch, lodgepole and spruce, would be removed and replaced with home species.

The plan could not possibly work, however, without the wholesale shooting of the red deer, which would otherwise destroy the new saplings. The exact number needed to be culled is not given, but Wigan cites the figures of the East Grampian Deer Management Group, which estimates that deer over 500,000 hectares would have to be reduced to a token population if a deer-free area of 50,000 hectares were to be created.

A similar operation to restore tree growth was undertaken on the 4,000-hectare Creag Meagaidh estate, owned by Scottish Natural Heritage. In 17 years the deer population was reduced from 1,200 to 56. Over 500,000 hectares the cull would involve killing on a massive scale.

The deer-forest owners are anxious that this should not happen. Venison brings in £3.5m annually, according to Wigan, with a further £3.7m in stalking fees. Such sums are vital in an impoverished area.

Sadly, the locals, both human and cervine, appear to have a minor role in the new thinking on ancient forest. It is not only the stag at bay in Wigan's account, but also much of rural Highland society.

Blake and the devil

Everything characteristic of the late E.P. Thomson – his clarity, humanity, and breadth of learning – is present in this book, the last he wrote. It is an absorbing historical detective story revealing aspects of English history usually neglected in the textbooks. With his customary skill Thompson brings vividly into view the turbulence of social and religious life in the 17th and 18th centuries, his aim being to contribute to a great scholarly debate – the mystery of where the poet William Blake got his extraordinary religious and poetic imagery.

There is an entire academic industry devoted to Blake, and Thompson ventures into it with disarming robustness. There are almost as many views as there are scholars on the question of what influences shaped Blake's imagination, an imagination which seems in equal parts surreal and bizarre until one glimpses the rich veins of dissenting religion which fed it.

Thompson's intimate sympathy for the life of England below the grand social level where constitutional history is made – the level of bishops, dukes and princes – gives him a sharp sense of the tumultuous life of popular religious thought. Ranters and Quakers, *Muggletonians*, Diggers and Behmenists, strove with one another, the established order, and even themselves, in a surging flux of thought in the 17th century. Thompson's concern is to discover in this rich tradition the basis of Blake's ideas, expressed in the vivid symbolism of great poems like "Jerusalem" and "The Marriage of Heaven and Hell", and in the extraordinary illustrations which accompany them.

Blake could not, Thompson argues, have simply made up *ab novo* the resonant vocabulary of symbolism which distinguishes his work. Its character and consistency suggest not miscellaneous reading fuelling the free play of imagination, but a rich tradition upon which he could draw. What was it?

Some say that Blake's source is the Bible as interpreted by Milton and radical Dissent. Others say it is the doctrines of such movements as the Moravians, Rosicrucians or Swedenborgians. Yet others hold that Blake was as an omnivorous and eclectic reader who helped himself to an assortment of notions from as far afield as Neoplatonism and the Kabbala, mixing them into his own poetic vision.

Into this whirl of opinions Thompson brings his forensic skills to suggest an answer. It goes as follows.

In the 17th century many dissenting groups saw the God of established religion as a "God-devil", presiding over a Babylon of bishops and parsons who aided the state in oppressing ordinary people. Dissenting religion and political revolution were closely allied in the Leveller and Ranter movements of the time. Doctrinally these ideas expressed themselves as a rejection of the outward forms of established religion – including, for example, marriage – in favour of inspiration and prophecy.

These revolutionary movements were suppressed, but one strand of them survived and, a century and a half later, was still an influence as Blake was writing his great poems. This was the Muggletonian movement, named after Ludowik Muggleton who with his cousin John Reeve preached a striking gospel. The serpent, they said, had literally entered Eve's womb in Eden, and dissolved there into seed, so that some of her progeny – Cain and his successionwere offspring of Satan. Thus mankind is a mixture of sons of Adam and the devil. Later God literally dissolved himself in Mary's womb likewise, and was made man; so that while Jesus walked the earth there was no God in Heaven. One Muggletonian creed ran, "I believe in God the Man Christ Jesus, who was a Spiritual Body from all Eternity Who by Virtue of his Godhead Power Entered into the narrow passage of the Blessed Virgin Mary's Womb And so Dissolved Himself into Seed and nature and Clothed Himself with Flesh Blood and Bone as with a Garment; thereby made Capable to Suffer Death." Not unsurprisingly the Muggletonians were accused of blasphemous obscenity, and remained an underground organisation.

WITNESS AGAINST THE BEST
by E.P. Thompson
Cambridge University Press £17.95, 234 pages

Muggletonian notions, Thompson argues, echo strongly in Blake's writings. Reason is regarded as the work of the devil; the theme of the serpent copulating with Eve appears constantly; and so does the idea that the evil in man results from that copulation. Thompson demonstrates that these themes pervade Blake's poems and paintings.

But Thompson might have made a discovery – he is judiciously cautious about it, because the evidence is incomplete – which makes the Muggletonian connection with Blake persuasive. It is that his mother very likely came from a Muggletonian family. If so, a powerful conduit for these ideas directly links the Muggletonian teachings to Blake's extraordinary poems.

Historical detective work carries its dangers; dramatic mistakes can be made in reconstructions of the past. Thompson was always alert to the dangers. He weds caution to brilliance, and tempers insight with fact. But in his hands the result, as this fascinating study shows, still reads like a thriller.

A.C. Grayling

A look back at affairs

When the late Sean O'Faolain was in his eighties, his daughter Julia encouraged him to write a supplement to his 1964 autobiography. In deference to his wife, Eileen, the earlier volume had not mentioned three important affairs of his middle age – with Elizabeth Bowen, Honor Tracy and an American socialite, Kick Erlanger. By then he was finding writing increasingly difficult, and this was the only subject that appealed to him, as Julia O'Faolain explains in her introductory "Afterword" *(sic)*.

The original *Vive Moi!* contained an interesting and selective record of a writer's development. He was born in Cork in 1900, the son of a policeman and a woman who took in theatrical lodgers, grew up during the Gaelic Revival, the Easter Rising and the Civil War and then won a scholarship to Harvard. By the time his first collection of stories was published in 1932 the best of the autobiography is over. When not discussing writing, O'Faolain falls into a flat anecdotal tone. He is good at specific descriptions but cannot handle abstract ideas.

O'Faolain first met Elizabeth Bowen some time before the 1939 war (the date is not clear). He read *The Last September* on his way to London and arrived in a state of great excitement about this "Irish Turgenev". An acquaintance organised a lunch to introduce the stately Anglo-Irish woman to the disillusioned patriot who had fought for the new Republic only to have it ban his books as obscene. She was only a year older than he, but they were worlds apart. The trouble with O'Faolain's account of this unlikely alliance is that we learn very little about Elizabeth Bowen as a person, although he does eventually insinuate that Elizabeth the writer was not quite Irish enough for his tastes.

VIVE MOI! AN AUTOBIOGRAPHY
by Sean O'Faolain
Sinclair-Stevenson £20, 377 pages

More revealing is Julia's memory of "La Bowen" as a source of contention between Sean and Eileen because she invited Sean but not Eileen to house parties. Julia also points out that O'Faolain's supposedly candid memoir does not mention Eileen's "stress-maladies… brought on by your philandering with Honor Tracy".

Much is made by the ungallant O'Faolain of Honor Tracy's plainness: a buxom red-head with no ankles who, nevertheless, was known to the pub-gossips within months of arriving in Dublin after the war as "Hot Pants Tracy". When eventually she seduces O'Faolain he is overwhelmed by her sexual expertise and he seems to have remained in her thrall for several years. We learn from the Afterword that when the affair was over she rented a small tower in the same village as O'Faolain and his family, and lived there defiantly for years, which says more about her spirit and her sense of humour than O'Faolain does.

Julia O'Faolain's affection for her father and her understanding of him are evident in her Afterword which is drafted (rather archly) as an intimate letter to "dear Sean". But her judgment in publishing the often portentous ramblings of his old age be questioned. She has apparently edited his "candid supplement", but not with any great care. To misquote Yeats once is bad enough, but to misquote him twice and follow that with a misquotation from one of Shakespeare's best known sonnets is inexcusable. Neither is any effort made to tidy up the chronology. Worst of all, we do not really learn anything of interest about two of the more important friendships in his life – with Elizabeth Bowen and Honor Tracy – except for the fact that these friendships also had a sexual side.

Alannah Hopkin

Drawn in the manner of Haarlem

***Patricia Morison** enjoys Amsterdam's 'The Dawn of the Golden Age' exhibition*

Unwary people could be fooled by the Rijksmuseum's cunningly chosen poster for its stupendous and extremely costly new exhibition. They will catch sight of baby Catharina Hooft and her nurse, an enchanting portrait painted in 1620 by Frans Hals, and think, "Ah, Hals! And that of course means the Dutch Golden Age, Rembrandt, Cuyp, Vermeer, Jan Steen, and so on."

In fact, Hals is the bait to lure the public to an experience which is surely vastly more rewarding. *Dawn of the Golden Age* is a beautifully designed and magisterial survey of the visual arts in the north Netherlands between 1580 and 1620. So far as I know, no museum has ever made such an ambitious commitment to the art of this complex and absurdly neglected period. A marathon show, it demands a far longer visit than the press were allowed. So allow at least a day for it, and if this period of Dutch art is a blank on your cultural map, try before hand to browse in the well-written catalogue, a massive Thames and Hudson production.

Sixteen galleries are elegantly arranged with just about anything a Dutch nobleman or burger could have aspired to, around 1600; 160 paintings and drawings, prints, sculpture, glass, silver, calligraphy, furniture, armour, and superb tapestries. Two-thirds of the exhibits are loans, brought from all over the world. Curious rarities include a needlework "painting", an extremely rare survival of a large woodcut of the Mocking of Christ such as humble people pinned to their walls and, at the other end of the social scale, unique example of a gauzey, Frenchified ruff.

Dutch craftsmanship was worth waiting for. A tapestry caparison for a parade horse was made by the famous Spiering workshop for the coronation of Gustavus Adolphus of Sweden, but delivered years late. François Spiering was a refugee from Antwerp. Many other artists in the exhibition were Flemish Protestant refugees; the under-appreciated genius Jacques de Gheyn II, theorist and painter Karel van Mander, Hans Bol who made miniature townscapes popular, and Paschier Lammertijn, king of damask. What we think of as the Dutchness of Dutch art was directly dependent on the impact of men who had learned their trades in the highly specialised workshops of the south.

There are many pointers to the bloody struggle for independence from Catholic Spain. There is Hendrick de Keyser's model for the tomb of William the Silent, and a superb gold tazza engraved with the scene showing the wiley ruse which brought to an end the siege of Breda. Dutch towns were fiercely proud and rapidly growing extremely rich. Many beautiful things in the exhibition were commissioned by the towns as propaganda. Heroic failure was no less worthy of record, as shown by quite one of my favourite exhibits, an enormous tapestry which shows a naval disaster, from a series commissioned by the States of Zeeland.

Few painters of the Dutch dawn are widely popular today – perhaps only Hals and Avercamp, the mute who specialised in skating scenes. The giant of the exhibition is the painter and engraver Hendrick Goltzius (1558-1617), a dazzlingly and protean talent. Other leading masters of their day were Cornelis Cornelisz, Abraham Bloemaert, Joachim Wtewael, and Pieter Lastman, the history painter who for six months taught Rembrandt.

Rarely do Old Master exhibitions strike such an instant blow to the visual nerves as the first room with Bloemaert's "Death of Niobe's Children" (from Copenhagen), Cornelisz's "Battle of the Titans", Goltzius's "Massacre of the Innocents" and Wtewael's "Deluge". In the late 1580s and '90s, this group of Haarlem artists were in thrall to the engravings of the well-travelled Bartholomaeus Spranger, such as the famous "Marriage of Cupid and Psyche".

'Icarus, one of the Four Disgracers', an engraving by Hendrick Goltzius after Cornelisz, 1588

From their paintings, prints and drawings, it is clear to see how intensely competitive these Haarlem Mannerists were. As Karel van Mander urged them, Flemish artists had to show the Italians that they had caught up. They, too, had drunk from the wisdom of the ancients. It was their turn to show that they could not only represent the idealised nude with the skill of a Michelangelo but show it performing terrifying gymnastics in incredibly complex compositions.

Dutch Mannerism around 1600 repulses many people for being so frantic and exaggerated. Artists were fascinated by the erotic, including incest and homoeroticism, by violence and disasters, by the monstrous and irrational. (Look at Jacques de Gheyn's witches, his almost human frogs, and the repulsive little bronze monsters designed by Arent van Bolten.) Or could it be that taste this century is tending in a direction similar enough to make us receptive to even the wildest visions of the Mannerists?

Haarlem mannerism in painting is not everyone's taste. But anyone who likes Art Nouveau must surely love the silversmiths, Adam van Vianen and his brother, Paulus, goldsmith to Rudolf II in Prague. Their pieces in auricular, ear-shaped style, make silver seem hardly more solid than whipped cream. Ewers and goblets swirl biliously, giving fleetingly glimpses of women, parts of the body, and grotesques.

If this seems a little unwholesome to fit your idea of Dutch art, be reassured that there are more straight-forward delights, such as the early landscapes, still-lives, flower-paintings, and the hilarious military fashion-plates by Jacques de Gheyn. I particularly enjoyed the "friendship books" kept by several artists. As animal artists, Goltzius and Jacques de Gheyn can hold a candle to Dürer.

Again and again, the genius of Goltzius has one open-mouthed in admiration. His pen-drawings in imitation of engravings are incredible, technical show-offs which nonetheless have real beauty. Just see the merriment of the "Boy with a Skull and a Tulip". Marvel, too, at the "Study of a Right Hand". Those three visble fingers look deformed. Is this Goltzius' right hand which van Mander said was badly burnt, or is it simply "by the hand of Goltzius"? do not miss this wonderful chance to look at Dutch art in its cradle.

On cultural events being mounted as part of the *Golden Age of Amsterdam* festival, contact VVV Amsterdam Tourist Office, 06-340- 34066. *Dawn of the Golden Age* is sponsored by Unilever. The exhibition runs until March 6; advance tickets can be purchased from Netherlands Reservation Centre, PO Box 404 (33-70-320-2500).

Fine crafts reach the capital

The applied arts are the poor relations of the exhibition circuit – invariably confined to the provinces and constricted by a lack of cash. Of the thousands of shows staged in London over the last decade, the only memorable exhibitions of western works of art that spring to my mind are the V&A's *Rococo: Art & Design in Hogarth's England* (1984), Paul de Lamerie at the Goldsmiths' Hall in 1990 and the in-house celebration of George IV's Carlton House at the Queen's Gallery three years ago. And characteristically, it took a collaboration between the Liverpool Museums and a commercial furniture dealer, Blairman's, to re-establish the reputation of the extraordinary George Bullock as one of the greatest cabinet-makers and designers that England has produced, in an exemplary show in 1988.

By refreshing contrast, a number of promising shows of objects and applied arts are scheduled for London in the New Year. The first, at the Royal Academy from January 20, presents highlights from the choice, idiosyncratic and wide-ranging collection of antiquities amassed by George Ortiz. In an age in which any rich-ish professional calls himself a collector, it is heartening to discover that the rare breed of connoisseur is not quite extinct.

A quite different taste is exhibited at the V&A when over 350 pieces produced by the House of Fabergé, Imperial Jewellers, go on show, courtesy of the Hermitage and the Fabergé Arts Foundation of Washington DC (January 26-April 10). From February 16, the museum is also host to *The Golden Age 1730-1760: Brass Inlaid furniture by John Channon and his Contemporaries*, a show which originated from that powerhouse of furniture history, Temple Newsam House in Leeds.

What should be *the* exhibition to go and see in 1994 is the V&A's monographic study of one of the most profoundly influential figures of the 19th century, A.W.N. Pugin, the father of the Gothic Revival. *Pugin: A Gothic Passion* (June 15-September 11) takes up the perhaps unenviable challenge of presenting the great Goth as architect and designer of everything from furniture and metalwork to silver, ceramics, jewellery, textiles, wallpaper and stage sets.

Susan Moore

Off the Wall/Antony Thorncroft
Arts Council off the hook

A month ago the Arts Council seemed to be one British institution going rapidly down the plug hole. I now confidently forecast a future for the Council of serene stability: its crisis is over. This is only partly because of the arrival in April of a tough new chairman, Lord Gowrie, who knows his way around politics and would not have taken on the job without certain guarantees.

The main reason for feeling sanguine is that the Council now has few opportunities to beat itself up. It is a small irony that, during a Conservative government, the Arts Council has become excessively *dirigiste*. The most obvious example is the four London orchestras. Instead of letting market forces decide which should prosper, the Council tried to impose a solution, with the well known baleful results. But also in modern dance, the regional theatre, and the visual arts the Council has attempted to know better than the consumer. Now, with the one exception of a joint review, with the BBC, into the regional orchestras, the Council plans few major initiatives that seem certain to explode in its face.

An era of indolence goes hand in hand with the hope that the organisational turmoil in the arts, and the Arts Council, is over. In a few weeks the Council will announce around 30 redundancies as it cuts £600,000 from its administrative costs as part of an efficiency drive forced on it by Peter Brooke, the heritage minister. After that the Council is supposed to be in perfect shape.

It is the same with the Regional Arts Boards. On April 1 they take on more, and bigger, clients devolved from the Arts Council, and the new grass roots structure of the arts in England finally falls into place. Only a lunatic would suggest another major review or strategy document on the arts.

There is one other factor which should give the Council confidence. While Peter Brooke protected the rest of his empire in the November Budget he cut the grant to the Arts Council by £3.2m, the first ever reduction in its revenue. But this was only politics. The Treasury felt that the Council had been over-generously endowed by David Mellor. The cut was a small slap on the wrist to put the Council in its place. Next autumn, when the 1995-96 grants are announced, the Council can anticipate a reasonable rise in revenue.

★

If things look brighter for the Council it is far from certain that its secretary-general, Anthony Everitt, will have his contract renewed at year's end. When Lord Palumbo arrived as chairman, with a blueprint for devolution and a slimmed down Council, it so appalled the then secretary-general, Luke Rittner, that he resigned. His deputy, Everitt, went along with Palumbo and stepped up to the top job. Rittner is close to Lord Gowrie. Indeed when Gowrie was chairman at Sotheby's he brought in Rittner to head the marketing team. Old scores could be settled.

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Apart from a love of the arts Lord Gowrie was keen to chair the Arts Council because in a year's time it becomes a much bigger challenge. The Council will distribute Lottery money to the arts which will transform the cultural scene in the UK. The first trickle of the gold rush might emerge in January 1995.

Ministers originally played down the size of the cash flow. Of course it depends upon the betting instincts of the British, but early estimates of £70m a year for the arts (with the same amounts going to heritage, sport, charities and the Millennium Fund) look over-cautious. Now the whisper is that the arts could eventually be £200m a year better off.

The money is intended to go on capital projects – a better heating system for the National Theatre, for example, or improved dressing rooms at Covent Garden – rather than boosting annual subsidy, but improved facilities can have a direct effect in bringing down running costs and increasing box office revenue.

For one object of national importance it looks as if the Lottery has already arrived as saviour. The Three Graces, the classical sculpture Canova made for the Duke of Bedford in the early 19th century, was bought by the Getty Museum of Malibu, California, for £7.9m. But an export licence has been refused.

Last month Peter Brooke announced that he was consulting the museums and the art market as to whether, in exceptional circumstances, an export block should not last for 18 months instead of the more typical three months. If the soundings support the idea, then the Three Graces will still be in the UK in the spring of 1995. The V&A can launch another appeal to acquire it and the government gain general kudos when, thanks to Lottery money, it stays in the UK.

The Lottery seems so wonderful that it is bound to be a disappointment. Apart from a mad scramble by applicants for its largesse, one worrying aspect has emerged. The Millennium Fund was supposed to leave the nation with a legacy of great cultural monuments for the 21st century – a Welsh Opera House in Cardiff; a National Gallery of Scottish Art; a Tate Gallery of Modern Art; a revamped Royal Opera House, etc. But now it seems that the money can also be spent on general building projects, like an Embankment Underpass from Westminster to the City. Such an undertaking might make life in the capital sweeter, but it hardly counts as a heritage gain.

Dancing with the wind

***Joan Acocela** explains 'Butoh' and the work of Eiko and Koma*

Practitioners of Butoh, the "dance of darkness" that arose out of the rubble of postwar Japan, periodically tour the US, their naked, twisted bodies moving with infinite slowness in an atmosphere of unnamed anguish. American audiences tend to view these performances with awed respect. At the same time, Butoh shows often have a certain gun-to-the-head quality as if, were you to prefer something else – something with music, something with clothes, on your night out – this would prove you a person of low character.

Eiko and Koma, a Japanese husband-and-wife team, received their early training form Butoh masters, and they have much in common with Butoh. They are primitivist: they are slow; their limb sockets look as though they have been rearranged. But Eiko (the woman) and Koma (the man) are so riveting that, in watching them, you forget to say to yourself: "This is good for me."

Eiko and Koma are both in their 40s. They met at the University of Tokyo where they were studying law and political science, and moved to the US in 1976. They generally give one show a year in New York, and the shows are much the same. The title is usually organic – past works include *Grain, Night Tide, Tree, Rust, Land* – and the element named is often part of the show. The couple has done whole dances in pools of water and piles of leaves. What the dance involves is some exceedingly slow transaction – for example, Eiko and Koma move toward one another, reach one another, then part. Basically, the organism reaches for the thing it needs.

Nothing could be more natural and, as their titles indicate, these shows are about nature. But by virtue of the extreme slowness and detail of the movement, and also the dislocations of the body – at times you do not know what is an arm, what is a leg – all is translated into a luminous unnaturalness, in which the smallest action carries a huge rhetorical force.

This is Eiko and Koma's formula. They never change it; they never cheapen it. Actually, they have altered it a bit recently. With the collaboration of the American Indian composer Robert Mirabal they have begun using music in a more conventional way. And whereas before, all their work was performed by them alone, their last two shows have included their son Yuta Otake. He is only eight, but he too can now move in slow motion.

Eiko and Koma's most recent piece, *Wind*, had its New York premiere in December at the Joyce Theater. No, it does not use wind machines. Instead, feathers fall slowly, two or three at a time, onto the stage, and as they float and twist in the air, the air becomes an actor in the drama. Meanwhile, below, the dance takes the form of passages: first Koma, then Eiko cross the stage and vanish, their spirits presumably carried away in the air. At the end, Yuta is left on the stage, seemingly dead. But at the very last moment, he begins to move. He is being born, or reborn.

In the middle of the piece, there is a blackout, and when the lights go on again, we see a tangled blob on the stage. It is Eiko and Xoma, naked, locked in an embrace. But like all sex scenes in their work, this one is sexy only in a rather dire way. At one point Eiko, lying on her side, arches her body into the air. We see her whole trunk – full frontal nudity. But it does not look like a nude woman. It looks like a sting ray, or a bearded face, or God knows what. And that is the force of Eiko and Koma's work: to use only the body, but generalise it, so that it becomes Nature, and make it strange, so that it becomes theater.

Koma is the more poignant of the two. He is humanity, struggling. As for Eiko, her face is a mask, her every limb-rotation an eerie drama. She seems to have died and returned. She is one of the most thrilling artists on the New York stage. Together, she and Koma are giving primitivism a good name.

Slowness, with great detail of movement: Koma in 'Wind'

ARTS

Film-makers baptised in fire

Nigel Andrews talks to director Chen Kaige about the true cultural revolution going on in China

We know how an individual recovers from a nightmare. He wakes up, turns on the bedside light, stares round at comforting reality: soon the horrors start to disperse. But how does a nation recover – especially from a nightmare that began as a dream?

"I really believed in Mao a long time ago," says film-maker Chen Kaige, whose Cannes Golden Palm-winning epic of Chinese history *Farewell My Concubine* opened in Britain this week. "Everybody did. We had no other reference points to the outside world. We had never been out of China. We believed in communism like Nature."

And they believed right up to, and into, the Cultural Revolution. Like any nightmare, though, this one finally got bad enough to wake everyone up. *Farewell My Concubine*'s half-century-spanning story of two rival Peking Opera actors ends in 1977, after the Gang of Four were arrested and the C.R. reached official fade-out. But the horror of that period gives Chen's film its dramatic last act, shock-punctuated with betrayals, arrests, show trials and summary deaths. And in men like Chen himself, Zhang Yimou (*Raise The Red Lantern*) and Tian Zhuangzhuang (*Horse Thief*) China's agonies have given China a generation of film-makers, baptised in fire, who have become the greatest and bravest in its history.

Chen's debut feature *Yellow Earth* (1984) began it all. It was the first Chinese film anyone could remember that portrayed real people in real, remote landscapes. "The land where we shot the film," he says, "was the birthplace of so-called 'Chinese civilisation.' And incidentally of the Communist party. Yet cameras had almost never been there before. When I got there I was shocked. People were very quiet, very guarded, very austere. Yet reading their faces was like reading Chinese history."

Before Chen made *Yellow Earth*, the country's cinema had alternated big-screen melodramas – love and betrayal amid the cherry blossoms – with march-and-sing propaganda film bearing titles like "Heroic Red Women Save The Jute Factory." *Farewell My Concubine* wryly invokes both traditions. It *is* melodramatic; and it does allude, paradoxically, to the propagandist pageantry of Maoist cinema. But like all Chen's work – *The Big Parade*, *Life On A String* – *Farewell* takes the scenic route to enlightenment. It gives the devil his photogenic due before rendezvousing with truth, sense and freedom.

It also counterpoints the public dream of Maoism with the private dreams of its unheroic "hero." A gay Peking Opera actor who plays the Queen on stage to his rival and idol's King, he suffers not just for his art but for his homosexuality. "He's the guy who cannot make a difference between real life and life on stage," Chen says. "He's a beautiful dreamer, he lives like ET."

ET??

"Yes, he comes from another planet. He cannot get on with ordinary people. He lives in his art, and finally he sacrifices himself for his art."

But why set that sacrifice in 1977 – surely the year of hope and emancipation for China? "This man belonged to the old times. *Farewell My Concubine* is not just a political story, it's an artistic one. He was coming into a new age where he knew he would not belong. He would not be useful or comfortable.

"Today Chinese Opera is dying. The government tries to play patron, but it doesn't work. The life style on which Opera is based is gone. We used to be very close as a community, the Chinese people. Where I lived, I could hear the people curse in the next room. We'd say 'Hello' to each other every morning. It's not the same in modern-day China. In the old days you could ring an Opera troupe and say, 'Lets have a performance in the courtyard!'

"Peking Opera was an amazing form, so dedicated, and so enclosed! If you talk to old performers as I did, you find they knew nothing about the outside world or politics. But when they talk about Opera their eyes and faces come alight. They're dreamers, like my hero."

But experienced dreamers also know when a dream is ending. Killing himself on stage in the film's last scene, perhaps Chen's hero senses the distant shadow of Tiananmen Square, reaching out to choke the hopes of those who believed that tyranny might have vanished with Mao. For Chen it has never vanished. His recent films were made with non-Chinese finance and initially banned in China. Yet he and his contemporaries have gone on making films that hammer against the walls of silence and intolerance in their country, walls raised during the 25 years of Mao's rule.

"Maoism was a beautiful dream of establishing a new world, a new society. We all tried to believe in it. And we did believe in it, up until the Cultural Revolution.

"What you see in *Farewell* about that period is true. People started to denounce and betray each other. I denounced my own father when I was 14. He was accused of being a secret agent for the Kuo-Min-Tang (Chinese Nationalists). It wasn't true. But the point is, people lived in fear. Fear of being kicked out from society. So to stay in society they needed to denounce other people to prove their loyalty. That's how Mao ran the country."

Now a quarter century after Mao let "a thousand flowers bloom," in order to search out and cut down the nonconformist shoots, a band of cinematic survivors has created something like a true cultural revolution. Last year Chinese film-makers were the most prolific prize-winners on the festival circuit, snapping up the Golden Lion/Bear/Palm consecutively at Venice, Berlin and Cannes.

"There was one very emotional moment in Cannes," says Chen. "An American journalist asked me, 'You young film-makers in China have made such great progress, how do you feel about this?' The answer is, we have been working towards this for *ten years*! I was very emotional, I almost cried. Only I and other young directors know how difficult it has been. You have to fight enemies you don't even know; you're attacked from every direction. That is why as a generation we are pretty strong. I'm sad to say it, but we are strong."

Records/Richard Fairman

Opera casts its net back

About 20 years ago my local library moved into new premises and took what then seemed the ambitious step of opening a record section. The objective was not to make money by charging, as it is now. The expansion of the library's services was simply an invitation to its readers to broaden their interests.

As no payment was required, anyone could afford to be adventurous. Why I borrowed a boxed set of LPs entitled *Stars of the Old Vic and Sadler's Wells* I do not now remember. Most of the singers would have been unknown to me and I had never been to the opera at either the Old Vic or Sadler's Wells. The records had to be returned within a fortnight, but there was one group of performances in that collection so exciting that it has stayed fresh in my mind ever since.

The set concluded with a selection of excerpts from Britten's *Peter Grimes*, performed by the original cast soon after the opera's premiere, in 1948. For some reason they had never been issued at the time and EMI had decided to use them to illustrate a high-point in the history of the Sadler's Wells company. Now they are back, superly re-mastered, in excellent sound, as part of a two-CD box of historic Britten recordings which unearthes still more rare treasures, a tempting proposition.

No! – it is more than that. The *Peter Grimes* excerpts are essential listening for anybody interested in the opera. Hearing them again, one realises why this opera blew through the British musical world like an East-coast gale. The music has a biting edge, the drama a chill realism, by the side of which performances today all too often sound warm and comfortable. No other singer surpasses Peter Pears's intensity in the mad scene, unhinged and wild, frightening to hear. It is also good to have preserved on disc Reginald Goodall, the original conductor, and Joan Cross, Britten's chosen Ellen Orford, who died aged 93 just before Christmas. The rest of the set has substantial excerpts from *The Rape of Lucretia* made in 1947 (not, alas, with Kathleen Ferrier) and early recordings of Britten folksongs. Six tracks, including some of the *Peter Grimes*, are appearing for the first time.

Britten: Excerpts from *The Rape of Lucretia* and *Peter Grimes*; folksongs. Recorded 1943 to 1951. EMI CMS 764 727-2 (2 CDs)
Donizetti: *Anna Bolena*. Chorus and Orch of La Scala, Milan/Gavazzeni. Recorded live 1957. EMI CMS 764 941-2 (2 CDs)
Régine Crespin: un portrait. Various orchs and conductors. Recorded 1958 to 1972. EMI CMS 764 434-2 (4 CDs)
Puccini: *Manon Lescaut*. Chorus and Orch of the Metropolitan Opera, New York/Levine. Decca 440 200-2 (2 CDs)
Mozart: *Così fan tutte*. Monteverdi Choir, English Baroque Soloists/Gardiner. Archiv 437 829-2 (3 CDs)

EMI's set of Donizetti's *Anna Bolena* will also be new to many people. This release bestows a certain legality upon what used to be a pirate recording, though the sound quality unfortunately remains very poor, subject to sudden outbreaks of twittering, which I take to be interference in the radio reception. This is the price we have to pay to hear Maria Callas in the title-role, live at La Scala, Milan, 1957, at the very height of her career. The whole of the final scene, sung with infinite variety of colour, is an object-lesson in bel canto singing, every line with something to say. There are also live recordings of Callas in Bellini's *Il pirata* and Verdi's *Macbeth*.

The set devoted to another prima donna from the 1960s – Régine Crespin – does not offer enlightenment on such a consistent level, but is a welcome collectors' item. Crespin's voice and style of singing have been described as "addictive", which seems to me apt. There are unsuccessful performances here – a deadly slow Schumann *Liederkreis* Op.39 is one – but, as with Callas, this is a truly personal singer, imaginative, moving, memorable. A shame that Decca, which holds her best recordings, has not issued a similar retrospective.

That company's main operatic release this winter had one eye on the future. Ever since Luciano Pavarotti signed an exclusive contract near the start of his career, Decca has been building up its recordings of the tenor's main operatic roles (prime material for future re-release, long after the singer himself has retired). As his repertoire is relatively small, there is not much to go, but Puccini's *Manon Lescaut* is a new addition, which Pavarotti sings with all his customary beauty of voice. Mirella Freni, with whom as a child he shared a wet nurse, sounds less well preserved. Decca's recording is brash and James Levine conducts with relentless passion, loving the music to death.

If any new opera recordings retain their importance, John Eliot Gardiner's Mozart cycle will surely be among them. Above shows a scene from 'Così fan tutte', recorded live at Ferrara

It is interesting to speculate which recordings from today will be accorded historic importance in the next century. Individual stars, like Pavarotti, will certainly have a place, but how shall we look back on the authentic instrument movement, if it continues to progress and change at the present rate? Even the most advanced performances, in terms of research and period accuracy, might soon sound out-of-date.

If any present recordings retain their importance, John Eliot Gardiner's cycle of the Mozart operas will surely be among them. This series sums up all that is best about the movement in general. His new set of *Così fan tutte* is thoughtfully cast, immaculately – nay, astonishingly – precise in every technical detail, considering it was made at a live performance. Gardiner has a reputation for ruling his singers and orchestra with a rod of iron. And it shows.

Of the three Da Ponte comedies, on which he is now engaged, none sparkles as a result of technical brilliance more brightly than *Così fan tutte*. The trios and quintets of the first act are so clear that an average music student could sit down and write out the parts without any need to hear the music again – assuming, that is, he could keep up with Gardiner's speeds. One imagines long hours of rehearsal, in which the conductor went over each passage time and time again until every little phrase was balanced as he wanted it. Single-mindedness can be a virtue in a conductor.

It is a feature of the performance that the six solo singers should form an obedient ensemble. Anybody who has a favourite old recording in which the singers flaunt their personalities (Montserrat Caballé and Janet Baker, for example) may feel cheated at the comparatively pale portrayals here, in which blending of voices rather than individuality is the prime requirement. Nevertheless, Amanda Roocroft and Rosa Mannion as the two sisters, Rainer Trost and Rodney Gilfry as their lovers, contribute some beautiful singing, the soprano and tenor especially. Eirian James is the Despina with a surprise baritone register, Carlos Feller the Don Alfonso. Gardiner could not achieve his high standards without colleagues as skilled as these.

Drosselmeyer steals the show

Productions of *The Nutcracker* come and go. Mostly they do not go soon enough, and among the tribulations of the festive season – like hideous Christmas cards from forgotten relations – are those misbegotten stagings with which innocent children are introduced to "the ballet".

English National Ballet's version by Ben Stevenson, brought among us two years ago, has won few plaudits from me. Its party scene is a rough and tumble in which tots are given alcohol, an old man falls over several times, and small boys behave like miniature terrorists: true to life, no doubt, but no fun to watch on stage. Much of the dramatic signposting in the score is crassly ignored. Later scenes are somewhat better, though much infested with child performers. What virtues the affair possesses are owed to Desmond Heeley's designs (which *just* manage not to go over the top in seasonal winsomeness) and, this year, to the disciplined and buoyant dancing of the company – the fruit of Derek Deane's policies after less than a year as artistic director.

I saw the piece on Wednesday evening, and was content to sit through the early mayhem because of the promise of Yelena Pankova and Thomas Edur in the grand pas de deux. Pankova remains the enchanting ballerina we knew with the Kirov. Her dancing is as light as ever, frosted and sweet as a Sugar Plum should be, and unfailingly charming. I wish the version of the pas de deux were better, but Pankova persuaded me at moments that it was real choreography. So did Edur, with his aristocratic manner, the lift and clarity of his style, and the beautiful quietness – that absence of vain display and empty bravura – which touches his grandest, most serious moments as a dancer. He also partnered Susan Jaffe, very secure and polished, in the snow scene, both of them giving its ice-skating curlicues something like academic seemliness.

For the rest, I salute the corps de ballet, who appeared strong and sure of themselves, and note that Philip Arrona's Drosselmeyer looks very like Talleyrand. I could not, though, take myself to this version unprepared, and on Monday night I went to Covent Garden to be reminded by the Royal Ballet's wise and sensitive staging of what a *Nutcracker* should be. Here sentiment, and the musical aptness of the dance, are paramount attractions – and the choreography does not insult its players. I saw Miyako Yoshida as the Sugar Plum, clear and bright in step, and Tetsuya Kumakawa as her cavalier, cutting astonishing shapes in the air. But it was *Stephen Jefferies as* Drosselmeyer who made the evening glorious.

Jefferies, as we have known for 20 years, is a dance-actor expressive, original, profound. He made Drosselmeyer a contemplative, almost melancholy figure, at once mysterious and benign. The entire action seemed to spring from his will, and he moved through it as a truly Hoffmannesque figure. In its concentration, its dignity and commanding intelligence, this reading rivalled anything I have seen Jefferies do throughout his career – even his tremendous Rudolf in *Mayerling*. Such artistry speaks of theatrical genius: we are privileged to watch him.

Clement Crisp

The Nutcracker continues at the Royal Festival Hall until January 22.

Recital of the fin-de-siècle

One would have thought the arrival of a new millennium something to sing about. As the close of the 19th century a wealth of composers, such as Strauss and Wolf, Schoenberg and Berg, were producing songs for the new century – a level of activity that we show no sign of equalling as the year 2000 approaches.

Half the art of giving a successful song recital comes in planning the programme. For her Wigmore Hall recital on Thursday Joan Rodgers turned exclusively to that rich period, 1885-1905. This also had the advantage of drawing her away from the Mozartian era for which she is known in opera. How would a favourite Susanna, Zerlina and Pamina fare as she ventured into decadent turn-of-the-century Vienna?

The first thing to say is that she has not forgotten where she has come from. When she sings Mozart, Joan Rodgers has impressed audiences with a classical poise and purity of voice, though the sound is warmer than it was and has lost some of its ease above the stave. What remains special is the beauty of tone lower down, allied to a care over phrasing, rhythms, consonants that marks a singer of distinction.

All these are important attributes, just as much in the music of Wolf and Berg. It is good to hear a recitalist really sing in Wolf, giving the vocal lines the musical eloquence they deserve. Rodgers was touching in any song where the singing came first ("An den Schlaf" radiant, "Das verlassene Mägdlein" haunting) but made little of songs in which the words should lead the way. In Berg's Seven Early Songs, a favourite with Wagnerians, her Mozartian elegance and precision made a welcome change, but these were again seven of the same.

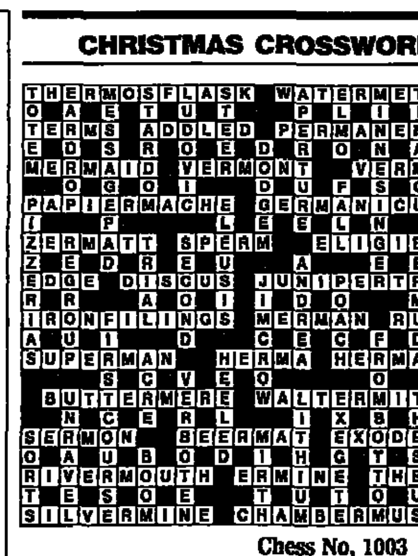
The sense of a true Lieder singer at work only fully came through with the Strauss songs. Perhaps Roger Vignoles, ever the supportive accompanist, encouraged a stronger contrast of mood, as the words suddenly started to communicate specific emotions. "Allerseelen" managed to be delicate, but still suggest deep feeling. The ingenuousness of a Sophie, the mature sentiment of a Marschallin were held nicely in balance.

Everywhere there was tact, a quality all too often foreign to singers who take up Schoenberg's Cabaret Songs. If anything, these were under-sold, where a hardened recitalist would be hawking their humour and catchy tunes to rake in the applause for the end of the evening. In the song about the cat, Rodgers was a kitten next to the audience-devouring tigress of Jessye Norman, who also gave us Schoenberg in London recently.

To end on a note of unqualified delight: the first encore, Tchaikovsky's "None but the lonely heart", was sheer beauty, understatement at its most moving, every shading of colour and emphasis perfectly judged. It is time that one of the British opera companies invite her to visit as Tchaikovsky's Tatyana.

Richard Fairman

CHRISTMAS CROSSWORD SOLUTION



Pelikan Toledo
Helen C. Hughes, Esher, Surrey

Pelikan Souveräns
Mrs J. Butterworth, Oxford.
G.D. Foster, Grimsby, Yorks
Hally Hardie, St Ives, Cambridgeshire.
Jeff Hosier, Vernham Street, Hants
David Rowlands, Bucknell, Shropshire

Chess No, 1003

1 ... Rb8? 2 Be7+! Kxe7 3 Rc7+ Kf8 4 Qh6+ Ke8 5 Qe6+ and mates. If 3 ... Kf6 4 Rf1+ Kg5 5 Rg7+ Bg6 6 Rf5 mate.

TELEVISION

SATURDAY

BBC1

7.25 News. 7.30 Walking the Dog. 7.50 Peter Pan and the Pirates. 8.15 Chuckleviaion. 8.35 The Raccoons. 9.00 Live and Kicking.

12.12 Weather.

12.15 Grandstand. Introduced by Steve Rider. 12.20 Football Focus: Previews of key games in the FA Cup third round. 12.55 Racing from Haydock Park: The 1.00 New Year Handicap Chase. 1.10 News. 1.15 Ice Skating: The British Ice Dance Championships from Sheffield Arena. 1.25 Racing: The 1.30 Northern Handicap Hurdle. 1.40 Skiing: The Men's Downhill Championship from Saalbach-Hinterglemm in Austria. 1.55 Racing: The 2.00 Mitsubishi Shogun Newton Chase. 2.10 Rugby League: The second semi-final in the Regal Trophy. 3.50 Football Half-Times. 4.00 Ice Skating. 4.40 Final Score. Times may vary.

5.15 News.

5.25 Regional News and Sport.

5.30 Dad's Army. Classic wartime comedy, starring Arthur Lowe and John Le Mesurier.

6.00 Noel's House Party. Actor Tony Britton drops in to see Noel, England cricketer Robin Smith tries to Grab a Grand, and TV presenter Angela Rippon learns to ski en route to winning a Gotcha Oscar.

7.00 The New Adventures of Superman. Action-packed caper, starring Dean Cain as the man of steel: Mild-mannered reporter Clark Kent discovers crimelord Lex Luthor is planning to sabotage the world's first orbiting space station – will he be able to save the day as his heroic alter ego, Superman?

8.15 Big Break. Snooker professionals John Parrott, Oliver King and David Roe join Jim Davidson to help contestants win star prizes.

8.45 Casualty. A hit-and-run driver is forced to face the consequences of her actions when she is confronted by her victim in casualty, and two rival graffiti artists are led into danger while attempting to outdo one another. Hospital drama, starring Derek Thompson, Clive Mantle and Suzanna Hamilton.

9.35 That's Life!

10.20 News and Sport; Weather.

10.40 Match of the Day: The Road to Wembley. The third round of the FA Cup.

11.50 Film: Code Name: Emerald. Second world war spy adventure, starring Ed Harris and Max Von Sydow (1985).

1.20 Weather.

1.25 Close.

BBC2

8.15 Open University. 9.55 Hanseatic Age. 10.25 Dhoop Kinarey. (English subtitles). 11.05 Bollywood or Bust! 11.35 Chanakya.(English subtitles).

12.15 Film: Johnny Guitar. Offbeat Western about the conflict between the proprietress of a gambling joint and a lady banker. Joan Crawford and Mercedes McCambridge star (1954).

2.00 Civilisation. Sir Kenneth Clark traces the rise of humanitarianism in the modern world. Last in series.

2.50 Top Gear Take Two. The history of Maserati, one of the greatest names in motoring alongside the likes of Ferrari and Bentley.

3.00 Film: Now, Voyager. Vintage romance, starring Bette Davis as a nervous and frustrated spinster who undergoes a transformation and embarks on an affair with a married man (1942).

4.55 Darts: The World Championship. The final of the tournament from the Lakeside Country Club in Surrey.

7.20 The Beast of Bodmin. Investigation into the rumours concerning the existence of a big cat roaming the wilds of south-west England.

7.50 News and Sport; Weather.

8.05 From the House of the Dead. Leos Janacek's three-act opera about the inmates of a 19th century Siberian prison camp, based on Dostoevsky's diary of his own years as a political detainee. The cast includes Nicolai Ghiaurov, Elzbieta Szmytka, Barry McCauley, Alexander Oliver, Bojidar Nikolov, Richard Novak, Monte Pederson, Josef Veverka, Philip Langridge, Pavel Kamas and Walter Zeh. Music by the new Vienna State Opera Chorus and the Vienna Philharmonic Orchestra, conducted by Claudio Abbado.

9.35 Film: Mad Max. Mel Gibson stars in this cult futuristic adventure as a cop who tires of the constant battle to keep the roads safe from suicidally daring drivers, only to be forced out of his self-imposed retirement when a crazed motorcycle gang murder his wife and child (1979).

11.05 Film: Akira. Feature-length SF animation set in 21st century Japan, where gangs terrorise the city and a sinister government experiment is poised to go horribly wrong (1988). (English subtitles).

1.05 Later with Jools Holland. Relaxed, late-night music show, featuring gospel tunes from the Minneapolis Sounds of Blackness, indie rock with P.J. Harvey, and Seattle rockers Alice in Chains.

1.55 Close.

LWT

6.00 GMTV. 9.25 What's Up Doc? 11.30 The ITV Chart Show. 12.30 pm Movies, Games and Videos.

1.00 ITN News; Weather.

1.05 London Today; Weather.

1.10 NBA Basketball. The game of the week, and highlights from the rest of the league.

2.10 Life Goes On. Pilot episode of the American comedy, starring Bill Smitrovich.

3.05 Film: Carry On Constable. Sid James heads the cast in an early entry to this long-running series as new students at a police training college experience various mishaps (1959).

4.40 ITN News and Results; Weather.

4.55 London Tonight and Sport; Weather.

5.15 Cartoon Time.

5.30 Catchphrase. Roy Walker hosts the computerised quiz.

6.00 Blind Date. Cilla Black plays matchmaker to more couples.

7.00 Barrymore. New series. Return of the award-winning series in which Michael Barrymore invites exhibitionists among the general public to demonstrate their talents on stage.

8.00 Murder, She Wrote. Jessica becomes reluctantly involved in the big-money fight game while trying to uncover the truth behind the killing of a devious boxing manager - a murder which has been pinned on her friend Harry. Angela Lansbury stars, with Jerry Orbach, Ernest Borgnine and LeVar Burton.

9.20 ITN News; Weather.

9.30 London Weather.

9.35 Film: Dirty Dancing. Patrick Swayze stars in the role that launched him to fame, as a dance instructor at a 1960s resort hotel who teaches naive 17-year-old Jennifer Grey about life, love and strutting her stuff. Lightweight dance 'n' romance caper, with Jerry Orbach and Cynthia Rhodes, and featuring the Oscar-winning song, (I've Had) the Time of My Life (1987).

11.25 Film: Dead Run. Romantic thriller about a pair of fugitives who escape their pursuers and start a new life together. Robert Urich and Michael Beck star (TVM 1991).

1.10 The Big E.

2.05 Get Stuffed; ITN News Headlines.

2.10 New Music.

3.10 Travel Trails.

3.40 Get Stuffed; ITN News Headlines.

3.45 European Nine-Ball Pool Masters.

4.45 BPM.; Night Shift.

CHANNEL4

5.00 4-Tel on View. 6.30 Early Morning. 9.45 The American Football Big Match. 11.00 Gazzetta Football Italia. 12.00 Sporting Years to Remember. 12.30 pm Safe TV.

1.05 Racing from Sandown Park and Leopardstown. From Sandown Park: The 1.20 Oriental Handicap, 1.50 Baring Securities Tolworth Hurdle, 2.25 Baring Fund Managers Novices' Chase, and the 2.55 Mildmay, Cazalet Memorial Handicap Chase. From Leopardstown: The 2.40 The Ladbroke Handicap Hurdle.

3.20 Film: Flamingo Road. A carnival dancer (Joan Crawford) is incarcerated by the political allies of the man she loves. Eventually released, she thirsts for revenge against the corrupt officials who put her behind bars. Powerful melodrama, co-starring Zachary Scott and Sidney Greenstreet (1949).

5.05 Brookside.; News Summary.

6.30 Right to Reply. Jon Snow presides as viewers tackle the programme-makers.

7.00 Zoo. Acclaimed documentary-maker Fred Wiseman takes his cameras behind the scenes of Miami Metrozoo to provide an insight into the urban home of more than 2,800 animals, ranging from Asian elephants and Indian rhinoceros to Cape buffalo and Grevy's zebra. The film details the work and research that goes into the facility, proving that although most people have visited a zoo sometime in their lives, few realise the enormous costs and complexities involved in maintaining them.

9.25 Film: Julia. Fred Zinnemann's Oscar-winning drama chronicling the friendship between two women and the devastating effect on their lives when the Nazis rise to power in the 1930s. Based on a true story, starring Vanessa Redgrave, Jane Fonda, Jason Robards, Maximilian Schell and Meryl Streep in her big-screen debut (1977).

11.35 Broadway Stories. Mike McShane narrates Damon Runyon's tale of a fugitive who tries to escape justice at the hands of an angry mob by invading the mysterious house of an elderly lady - a strange woman who owns all the potatoes in the world.

12.15 Film: Secret Ceremony. Melodrama, starring Elizabeth Taylor as a prostitute who takes a young woman (Mia Farrow) under her wing. With Robert Mitchum (1968).

2.15 Herman's Head.

2.45 The Word.

3.45 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
1.05 Anglia News. 1.10 The Munsters Today. 1.35 Treasure of Matecumbe. (1976) 3.45 Knight Rider. 4.55 Anglia News and Sport 9.30 Anglia Weather.

BORDER:
1.05 Border News. 1.10 Love Among Thieves. (TVM 1987) 2.55 The A-Team. 3.50 Cartoon. 3.55 Superstars of Wrestling. 4.55 Border News and Weather

CENTRAL:
12.30 America's Top 10. 1.05 Central News 1.10 COPS. 1.35 Movies, Games and Videos. 2.05 Rocksport. 2.25 The Munsters Today. 2.55 Warlords of Atlantis. (1972) 4.55 Central News 5.00 Dinosaurs. 9.30 Local Weather.

CHANNEL:
12.30 Heidi. 1.03 Channel Weather. 1.05 Channel Diary. 1.10 Wet and Wild. 1.40 NBA Basketball. 2.40 Cartoon. 3.00 Carry On Cruising. (1962) 5.00 Channel News. 5.05 Puffin's Pla(i)ce.

GRAMPIAN:
12.30 Monadh Ard (Moonacre). 1.05 Grampian Headlines 1.10 Telefios. 1.40 Speaking Our Language. 2.10 Nine Hours to Rama. (1962) 4.55 Grampian Headlines 5.00 Grampian News Review. 9.30 Grampian Weather.

GRANADA:
1.05 Granada News 1.10 Love Among Thieves. (TVM 1987) 2.55 The A-Team. 3.50 Cartoon. 3.55 Superstars of Wrestling. 4.55 Granada News 5.00 Bugs Bunny Mystery Special.

HTV:
12.30 The Littlest Hobo. 1.05 HTV News. 1.10 A Piano for Mrs Cimino. (1982) 3.00 Cartoon Time. 3.15 Movies, Games and Videos. 3.45 The A-Team. 4.55 HTV News and Sport 5.05 Cartoon Time. 5.10 HTV Weather. 9.30 HTV Weather.

HTV Wales as HTV except:
No variations.

MERIDIAN:
12.30 Heidi. 1.05 Meridian News. 1.10 Wet and Wild. 1.40 NBA Basketball. 2.40 Cartoon. 3.00 Carry On Cruising. (1962) 4.55 Meridian News.

SCOTTISH:
12.30 Scotsport Extra Time. 1.05 Scotland Today. 1.10 Telefios. 1.40 Speaking Our Language. 2.10 For the Love of Mike. (1960) 3.45 The A-Team. 4.55 Cartoon. 5.00 Scotland Today

TYNE TEES:
1.05 Tyne Tees News. 1.10 Express to Terror. (1979) 2.55 Knight Rider. 4.55 Tyne Tees Saturday

ULSTER:
12.30 Blockbusters. 1.05 UTV Live Lunchtime News 1.10 Saturday Sport. 1.20 Movies, Games and Videos. 1.50 The Munsters Today. 2.20 Get Smart, Again! (TVM 1989) 3.55 WCW Worldwide Wrestling. 4.55 UTV Live Early Evening News 5.00 Saturday Sport. 9.30 UTV Live News

WESTCOUNTRY:
1.05 Westcountry Weekend Latest. 2.10 Sounder. (1972) 4.10 On the Grid. 4.55 Westcountry Weekend Latest.

YORKSHIRE:
1.05 Calendar News. 1.10 Express to Terror. (1979) 2.55 Knight Rider. 4.55 Calendar News.

S4C Wales as Channel 4 except:-
7.00 Early Morning. 12.00 Hot Water. (1924) 6.30 Cwlwm Serch. 7.00 Jacpot. 7.30 Traed Oer. 8.00 Tocyn Tymor. 9.00 Llygaid Sgwar. 9.15 Newyddion. 9.30 Harry Connick Jnr. 10.30 Straight Out of Brooklyn. (1991)

SUNDAY

BBC1

7.05 Match of the Day. 8.15 Breakfast with Frost. 9.15 Glimpses of God. 9.30 This is the Day. 10.00 See Hear! 10.30 Channel Hopping. 11.00 Careering Ahead. 11.30 Spain on a Plate.

12.00 Family Affairs. The joys and heartaches of domestic life, including advice for parents who have discovered their child is gay.

12.30 CountryFile. Shiulie Ghosh investigates claims that the expansion of airports is ruining the countryside.

12.55 Weather for the Week Ahead.

1.00 News.

1.03 On the Record. John Humphrys presents political analysis and discussion.

2.00 EastEnders.

3.00 Match of the Day: The Road to Wembley. Sheffield United v Manchester United. Live coverage of the FA Cup third-round tie.

5.00 Smokescreen. Children's comedy drama, starring Sally Walsh and Timothy West.

5.25 Antiques Roadshow. The team visits Barrow-in-Furness to appraise more curios, including Himalayan Buddhist bronzes.

6.10 News.

6.25 Songs of Praise. Pam Rhodes reviews the history of Carrickfergus in Northern Ireland.

7.00 As Time Goes By. Lionel's father (Frank Middlemass) decides to wed – but will it really be the happiest day of his life? Comedy, with Geoffrey Palmer and Judi Dench.

7.30 The House of Eliott. The sisters decide that the future of the company might depend on accepting Larry Cotter's proposed merger.

8.25 So Haunt Me. Peter is able to see resident ghost Yetta for the first time, and faces a dilemma at his new job. Comedy, starring George Costigan and Miriam Karlin.

8.55 News and Weather.

9.10 Film: When Harry Met Sally. Romantic comedy about the long relationship between Billy Crystal and Meg Ryan who do not realise that they are destined for each other. Director Rob Reiner and writer Nora Ephron contrive a passable imitation of Woody Allen while aiming squarely at the broadest possible market (1989).

10.45 Everyman. Eight Oxfam volunteers visit India to see how money raised by the charity is spent.

11.25 Poor Dear. Three films about disability charities.

11.55 The Sky at Night.

12.15 Weather.

12.20 Close.

BBC2

7.25 Tales of a Wise King and the Devil. 7.30 Playdays. 7.50 Wishing. 8.00 Telling Tales. 8.15 The All New Popeye Show. 8.35 Blue Peter. 9.00 Draw Me. 9.15 Simon and the Witch. 9.30 The Animals of Farthing Wood. 10.00 TimeBusters. 10.25 Grange Hill. 10.55 As Seen on TV. 11.20 Maid Marian and Her Merry Men. 11.45 The O-Zone. 12.00 Dr Who: The Green Death. 12.25 pm The Fugitive. 1.15 The Phil Silvers Show.

1.40 Tapoori. The lives of two Bombay street boys who struggle to survive by courage, adaptability and hard work.

2.10 Myrna Loy: So Nice to Come Home To. Star-studded celebration of one of Hollywood's favourite leading ladies.

3.00 Film: The Muppets Take Manhattan. Kermit, Miss Piggy, Fozzie Bear and the other furry puppets take Broadway by storm with the help of Liza Minnelli, Art Carney, Gregory Hines and Joan Rivers (1984).

4.30 Ski Sunday. Highlights from the men's slalom at Kranjska Gora, and the women's super-giant slalom at Altenmarkt, Austria.

5.10 Rugby Special. Chris Rea presents coverage of the clash between Leicester and Northampton.

6.10 Nomads of the Wind. New series. Five programmes about the pioneering Polynesians who colonised the Pacific and finally settled on Tahiti.

7.00 The Money Programme. After 30 years at the head of Lonrho Plc, businessman Tiny Rowland has acquired a reputation for ruthlessness and determination. Tessa Curtis investigates whether he will ever be prepared to hand over control of the company to his chosen successor, the equally enigmatic German property developer Dieter Bock.

7.40 The Lost Steptoes. Archive episode of the 1970s sitcom.

8.10 Dear Bill. Profile of former Cabinet minister and Fleet Street editor Bill Deedes, who at the age of 80 still works full time as The Daily Telegraph's most popular columnist.

9.00 Comic Asides. Four comedy films, beginning with The High Life, written by and starring Alan Cumming and Forbes Masson as bored airline stewards.

9.30 Auction. Sotheby's staff arrange a house clearance for a doctor in Sussex.

10.00 The 1994 London International Boat Show. A report from Earl's Court.

10.45 Film: Running on Empty. Powerful drama, starring River Phoenix, Judd Hirsch and Christine Lahti (1989).

1.00 Close.

LWT

6.00 GMTV. 9.25 The Disney Club. 10.15 Link. 10.30 This Sunday. 12.30 pm Crosstalk; Weather.

1.00 ITN News; Weather.

1.10 Film: Parent Trap IV: Hawaiian Honeymoon. Newlyweds take over a dilapidated hotel where an angry guest threatens to sue for a small fortune. Disney comedy, starring Hayley Mills and Barry Bostwick (1989).

2.40 Film: Yanks. Drama about Second World War romances between American GIs and British women in a Lancashire town. Richard Gere and Vanessa Redgrave star (1979).

5.05 Father Dowling Investigates. The Catholic Crimebuster and Sister Steve discover a major hospital is involved in multiple murders.

6.00 London Tonight; Weather.

6.20 ITN News; Weather.

6.30 Film: Honey, I Shrunk the Kids. Disney comedy premiere, starring Rick Moranis as a professor who develops a ray which accidentally reduces his children to microscopic size (1989).

8.15 A Touch of Frost. New series. David Jason returns as unorthodox DI Jack Frost. In the first of four two-hour episodes, he investigates the death of a police informer on an estate fraught with racial tension. With Bruce Alexander, Lennie James and Neil Phillips.

10.15 Michael Winner's True Crimes. New series. The murder of a Welsh school teacher who was on a cycling holiday in Compiegne, France. With no apparent motive or clues to the killing – except a moccasin found in a cornfield – French police are led on a bizarre trail to the culprit.

10.45 ITN News; Weather.

10.55 London Weather.

11.00 Tracey Ullman Takes on New York. The Emmy award-winning comedy actress stars in a triple bill of short films chronicling the misadventures of three couples visiting New York for the weekend.

12.00 Sail the World.

12.30 The US Women's Challenge.

1.00 Cue the Music.

2.00 Get Stuffed; ITN News Headlines.

2.05 War of the Worlds.

2.55 Get Stuffed; ITN News Headlines.

3.00 Film: Choice of Arms. An elderly gangster's life is shattered by the arrival of an antagonistic young punk. Gritty drama, starring Yves Montand and Gerard Depardieu (1981).

CHANNEL4

6.00 Early Morning. 9.30 Dennis. 9.45 Dog City. 10.15 Saved by the Bell. 10.45 Planet of the Apes. 11.45 Little House on the Prairie. 12.45 pm Bush Tucker Man.

1.15 Football Italia. Live action from Sampdoria v Napoli.

3.30 Film: Father's Doing Fine. Madcap farce adapted from a successful stage show about an impoverished woman struggling to control her daughters. Richard Attenborough and Heather Thatcher star (1952).

5.00 When I'm Rich. Animated day-dreams.

5.10 News Summary; Weather.

5.15 High Interest: Sunshine State of Florida. In spite of a booming economy, Florida has recently seen a shocking growth in crime. Producer Peter Swain's film contrasts the success stories of Disneyworld, NASA and the film and fashion industries with the darker side of drug trafficking and money laundering. Does the latter threaten to undermine the state's popularity with tourists?

6.00 Moviewatch. Reviews of Carlito's Way, starring Al Pacino, and Undercover Blues.

6.30 The Cosby Show.

7.00 Return to Everest. Six original members of the British expedition that conquered Everest 40 years ago, including Lord Hunt, Sir Edmund Hillary and George Lowe, return for a special reunion to celebrate their achievement. The film illustrates some of the problems faced by the first pioneers and the particular characteristics needed to be a successful Himalayan climber.

8.00 Film: South Pacific. A young nurse falls in love with a French planter on an American-held island during second world war, but when she learns of his past he decides to leave on a perilous mission with a US Navy officer. Lavish musical based on the Rodgers and Hammerstein Broadway hit, starring Mitzi Gaynor, Rosanno Brazzi and John Kerr (1958).

10.45 The Road to Super Bowl. Highlights from one of the AFC or NFC wild-card games.

12.50 Film: Ake and his World. Swedish drama set in a rural village community where a young boy (Martin Lindstrom) comes to terms with fantasies inspired by his bizarre neighbours (1984).

2.35 Close.

REGIONS

ITV REGIONS AS LONDON EXCEPT AT THE FOLLOWING TIMES:-

ANGLIA:
12.30 The Littlest Hobo. 12.55 Anglia News. 1.10 Short Walk to Daylight. (TVM 1972) 2.30 Wish You Were Here? 3.00 Tobruk. (1967) 5.00 Bullseye. 5.30 Animal Country. 6.15 Anglia News on Sunday

BORDER:
12.30 Gardening Time. 12.55 Border News. 1.10 Lefty. 2.00 Lost Flight. (TVM 1969) 4.00 Coronation Street. 5.00 Scotsport. 6.15 Border News.

CENTRAL:
12.30 Central Newsweek. 12.55 Central News 1.10 Cartoon Time. 1.30 All Hands on Deck. (1961) 3.25 Don't Look Now, We're Being Shot At. (1966) 5.45 Bullseye. 6.15 Central News. 10.55 Local Weather.

CHANNEL:
12.30 Reflections. 12.35 Rendez-Vous Dimanche. 12.50 Telejornal. 1.10 Sail the World. 1.40 Swiss Family Robinson. (1960) 4.00 Highway to Heaven. 5.00 Cartoon. 5.15 Wish You Were Here? 5.45 Animal Country. 6.15 Channel News.

GRAMPIAN:
11.00 Sunday Service. 11.45 Elkon. 12.00 This Sunday. 12.30 Gardener's Diary. 12.55 Grampian Headlines. 1.10 Movies, Games and Videos. 1.40 Swiss Family Robinson. (1960) 4.00 Highway to Heaven. 5.00 Scotsport. 6.00 Famous for Fifteen. 6.15 Grampian Headlines 10.55 Grampian Weather.

GRANADA:
12.25 The Entertainers. 12.55 Granada News 1.10 Lefty. 2.00 Animal Country. 2.30 Murder, She Wrote. 3.25 Doctor at Sea. (1955) 5.15 Coronation Street. 6.15 Granada News

HTV:
12.25 An Invitation to Remember. 12.55 HTV News. 1.10 HTV Newsweek. 1.40 Sail the World. 2.10 Championship Rugby. 3.10 Oliver Twist. (TVM 1983) 5.05 Cartoon Time. 5.15 The Great Song. 5.45 Journeyman. 6.15 HTV News. 10.55 HTV Weather.

MERIDIAN:
12.30 Seven Days. 12.50 Meridian News. 1.10 Sail the World. 1.40 Swiss Family Robinson. (1960) 4.00 Highway to Heaven. 5.00 Cartoon. 5.15 Wish You Were Here? 5.45 Animal Country. 6.15 Meridian News.

SCOTTISH:
11.00 Sunday Service. 11.45 Elkon. 12.00 This Sunday. 12.30 Wemyss Bay 902101. 12.55 Scotland Today. 1.10 From Russia With Love. (1963) 3.15 Movies, Games and Videos. 3.45 Stuntmasters. 4.30 Border Raid. 5.00 Scotsport. 6.15 Scotland Today

TYNE TEES:
12.25 Newsweek. 1.10 Lefty. 2.00 Highway to Heaven. 2.55 Sky West and Crooked. (1965) 4.50 The 1993 World Professional Latin Dance Championship. 5.50 Tyne Tees Weekend.

ULSTER:
12.25 Gardening Time. 12.55 UTV Live News 1.10 The Adventures of Bullwhip Griffin. (1967) 3.10 Bon Voyage. 3.40 Police Six. 3.50 Carly's Web. (1987) 5.40 Bullseye. 6.10 Witness. 6.15 UTV Live Early Evening News

WESTCOUNTRY:
12.30 Westcountry Update. 12.55 Westcountry Weekend Latest. 1.10 Sail the World. 1.40 The Music Man. (1962) 4.20 Roadrunner. 4.50 Getaways. 5.20 Highway to Heaven. 6.15 Westcountry Weekend Latest.

YORKSHIRE:
12.25 The Littlest Hobo. 12.50 Calendar News. 1.10 Lefty. 2.00 Highway to Heaven. 2.55 Sky West and Crooked. (1965) 4.50 The 1993 World Professional Latin Dance Championship. 5.50 Calendar

RADIO

SATURDAY

BBC RADIO 2
6.00 Sujata Barot. 8.05 Brian Matthew. 10.00 Sally O'Sullivan. 12.00 Hayes on Saturday. 1.30 An Actor's Life for Me. 2.00 Ronnie Hilton. 3.00 Steve Race. 4.00 Happily Ever After? 5.00 Cinema 2. 5.30 Nick Barraclough. 6.00 Barbara Cook. 7.00 Thicker Than Water. 7.30 By Arrangement. 9.30 David Jacobs. 10.00 The Arts Programme. 12.05 Ronnie Hilton. 1.00 Charles Nove. 4.00 Sujata Barot.

BBC RADIO 3
6.35 Open University: Countdown to Tilg.
6.55 Weather.
7.00 Record Review.
9.00 Building a Library.
10.10 Record Release.
12.00 Spirit of the Age.
1.00 News.
1.05 Selected Poets.
1.20 The Fine Song.
2.05 Chamber Music From Bristol. New series. Weber and Brahms.
3.00 Vintage Years. New series. Holst, Parry, Elgar, Mozart, Mahler, Brahms.
5.00 Jazz Record Requests.
5.45 Music Matters.
6.30 Live from the Met. Puccini's Madame Butterfly. Sung in Italian.
9.20 Studio Three: Bar Valentino. Play about the complexity of human relationships.
9.55 All the Music's a Stage. Ibert and Thomas.
10.15 Outside in Festival. New series. Music recorded at the 1993 Festival in Crawley.
12.30 News.
12.35 Close.

BBC RADIO 4
6.00 News.
6.10 The Farming Week.
6.50 Prayer for the Day.
7.00 Today.
9.00 News.
9.05 Sport on 4.
9.30 Breakaway. Holiday and travel programme.
10.00 Loose Ends.
11.00 Talking Politics.
11.30 From Our Own Correspondent.
12.00 Money Box.
12.25 Just a Minute.
1.00 News.
1.10 Any Questions? With David Green and Charles Kennedy MP.
2.00 Any Answers? 071-580 4444. Phone-in response programme.
2.30 Playhouse. The Five Bears, by John Peacock.
4.00 Erin Through the Mists of Time. The birth of Ireland.
4.30 Science Now.
5.40 View from the Fish Queue. Phil Smith views life and current affairs from the fish queue in the local market.
6.00 News and Sports
6.25 Week Ending.
6.50 The Locker Room. Tom Robinson presents.
7.20 Kaleidoscope. With Rolling Stone Charlie Watts.
7.50 Saturday Night Theatre: The Riddle of the Sands. By Erskine Childers.
9.20 Music in Mind.
9.50 Ten to Ten.
10.00 News.
10.15 Quote Unquote.
10.45 Famous for 15 Minutes.
11.00 Mirrored in Music.
11.30 Fear on Four. The Next in Line, by Ray Bradbury.
12.00 News.
12.33 Shipping Forecast.
12.43 (FM) Close.
12.43 (LW) As World Service.

BBC RADIO 5
6.00 World Service.
6.30 Weekend Edition.
9.30 Get Set.
10.30 Secret Agent X-9.
11.00 Go!
12.00 Sport on 4 Plus 1.
12.30 Sportscall.
1.30 Sport on Five.
6.05 Six-O-Six.
7.30 Afropop Worldwide.
8.30 Le Top.
9.30 The Green Hornet.
10.10 The Way Out.
12.00 Close.

WORLD SERVICE
BBC for Europe can be received in western Europe on medium wave 648 kHZ (463m) at these times GMT:
6.00 News; British News; The World Today. 6.30 Europe Today. 7.00 News. 7.30 People and Politics. 8.00 News; Words of Faith; A Jolly Good Show. 9.00 News; Business Report; Worldbrief. 9.30 Personal View. 9.45 Sports. 10.00 Printer's Devil. 10.01 Jazz Now and Then. 10.15 Letter From America. 10.30 Waveguide. 10.40 Book Choice. 10.45 From the Weeklies. 11.00 News. 11.30 BBC English. 11.45 Mittagsmagazin: News in German. 12.00 News; Words of Faith; Multitrack Three. 12.45 Sports. 1.00 Newshour. 2.00 News; John Peel. 2.30 Sportsworld. 3.00 News; Sportsworld. 4.00 News; British News; BBC English. 4.30 News Aktuell. 5.00 News; Sportsworld. 5.30 BBC English. 6.00 News. 6.30 Heute Aktuell. 7.00 Nachrichten. 7.05 Weekend Feature. 8.00 News; Words of Faith; Personal View; Jazz For The Asking. 9.00 Newshour. 10.00 News; British News; Meridian. 10.45 Sports. 11.00 News; Words of Faith; Book Choice. 12.00 News. 12.30 The John Dunn Show. 1.00 News. 1.01 Play of the Week: Stages. 2.00 News. 2.30 The Untouchables. 3.00 News; British News; Sports. 3.30 From Our Own Correspondent. 3.50 Write On. 4.00 News; Bright Moon of the Seasons. 4.30 BBC English. 4.45 News and Press Review in German.

SUNDAY

BBC RADIO 2
7.00 Don Maclean. 9.05 Michael Aspel. 10.30 Hayes on Sunday. 12.00 Desmond Carrington. 2.00 Benny Green. 3.00 Alan Dell. 4.00 Stars of the 50s. 4.30 Sing Something Simple. 5.00 Charlie Chester. 7.00 Richard Baker. 8.30 Sunday Half Hour. 9.00 Alan Keith. 10.00 The Arts Programme. 12.05 Charles Nove. 3.00 Alex Lester.

BBC RADIO 3
6.55 Weather.
7.00 Sacred and Profane. Locke, Holst, Brahms, Frank Martin, Smetana.
9.00 Brian Kay's Sunday Morning.
12.15 Music Matters. The problems of tinnitus for musicians.
1.00 News.
1.05 From the Proms 1993. Delius, Ireland, Elgar.
2.35 Haydn and Webern.
4.00 The BBC Orchestras. Michael Torke, John Cage, Steve Reich.
5.30 All the Music's a Stage. Musical settings of Shakespeare.
5.45 Making Waves. Arts news and reviews.
6.30 Bach.
7.30 Sunday Play: Luther. By John Osborne. Part of the Osborne Season on Radios 3 and 4.
10.00 Music in Our Time. Michael Nyman.
11.35 Choir Works. Stravinsky.
12.30 News.
12.35 Close.

BBC RADIO 4
6.00 News.
6.10 Prelude.
6.30 Morning Has Broken. From St John the Baptist Parish Church, Burford.
7.00 News.
7.10 Sunday Papers.
7.15 On Your Farm. Farming life in Scotland.
7.40 Sunday.
8.50 Dame Judi Dench speaks on behalf of a cathedral restoration charity.
9.00 News.
9.10 Sunday Papers.
9.15 Letter from America.
9.30 Morning Service.
10.15 The Archers.
11.15 Mediumwave.
11.45 Four Corners.
12.15 Desert Island Discs. With Ian Hislop.
1.00 The World This Weekend.
2.00 Gardeners' Question Time
2.30 Classic Serial: Waverley. Sir Walter Scott's classic novel.
3.30 Pick of the Week.
4.15 Inside the New Civil Service.
5.00 Bel Mooney's Somerset Winter. Last in series.
5.30 Poetry Please!
6.00 News.
6.15 Keeping the Faith.
6.30 Goodbye. Songs about saying farewell.
7.00 The Parts. Medical technology.
7.30 Eureka. Artificial intelligence.
8.00 Dangerous to Know. By Michael and Melissa Bakewell.
8.30 Believing in Britain.
9.00 The Natural History Programme.
9.30 Special Assignment.
10.00 News.
10.15 A Passion for Priests.
11.00 Masterbrain.
11.30 Seeds of Faith.
12.00 News.
12.33 Shipping Forecast.
12.43 (FM) Close.
12.43 (LW) As World Service.

BBC RADIO 5
6.00 World Service.
6.30 Weekend Edition.
9.30 Captain Kidd and the First Fifteen.
10.00 Johnnie Walker.
11.30 Fantasy Football League.
12.30 Simon Fanshawe's Sunday Brunch.
2.00 A Century Remembered.
2.30 Over the Moon, Sick as a Parrot.
3.00 Sunday Sport.
6.00 Labour of Love.
6.30 Education Matters.
7.15 A Family Learns Spanish.
7.45 Italianissimo II.
8.15 Language Live.
9.30 Hair in the Gate.
10.10 Across the Line.
12.00 Close.

WORLD SERVICE
BBC for Europe can be received in western Europe on medium wave 648 kHZ (463m) at these times GMT:
6.00 News; British News; Letter From America. 6.30 Jazz For The Asking. 7.00 News. 7.30 From Our Own Correspondent. 7.50 Write On. 8.00 News; Words of Faith; Ray On Record. 9.00 News; World Business Review. 9.15 Short Story. 9.30 Folk Routes. 9.45 Sports. 10.00 News; Science in Action. 10.30 In Praise of God. 11.00 News. 11.30 BBC English. 11.45 News and Press Review in German. 12.00 News; Play of the Week: Stages. 1.00 Newshour. 2.00 News; Heritage. 2.30 Anything Goes. 3.00 News; Concert Hall. 4.00 News; British News; BBC English. 4.30 News in German. 5.00 News; World Business Review; BBC English. 6.00 News. 6.30 News in German. 8.00 News; Words of Faith; Folk Routes. 8.30 Europe Today. 9.00 Newshour. 10.00 News; British News; Meridian. 10.45 Sports. 11.00 News; World Business Review; Ray On Record. 12.00 News. 12.30 In Praise Of God. 1.00 News; Opera. 1.45 Sharp Talents. 2.00 News. 2.30 Composer Of The Month: Prokofiev. 3.00 News; British News; Sports. 3.30 Anything Goes. 4.00 News; Unconsidered Trifles. 4.30 BBC English. 4.45 News and Press Review in German.

CHESS

Michael Adams' growing reputation was confirmed last week when the 22-year-old from Truro, Cornwall, shared first place in the Professional Chess Association qualifier at Groningen, one of the strongest tournmaments ever held.

Adams and India's world number three, Vishy Anand scored 7½/11 and won $35,000 each. They were half a point ahead of Kamsky and Gulko (US), Kramnik and Tiviakov (Russia) and Romanishin (Ukraine). These seven join Nigel Short in the PCA quarter-finals, which lead to a 1995 challenge to Gary Kasparov.

Anand,23, Kamsky, 19, Kramnik, 18, and Adams are also still in the rival FIDE candidates series and thus established as the leaders of the new generation.

Adams' next hurdle is his FIDE match next week with Boris Gelfand, number one for Belarus. Although Gelfand has superior overall form, he has bad memories of earlier matches with Short in 1991 and Adams in the 1992 Tilburg final.

Adams can exploit this fragility under pressure, and I believe he will win the eight-game series. Here is his best game at Groningen.

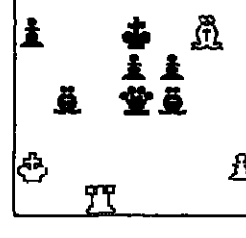
(K. Georgiev, White; M. Adams, Black).

1 e4 c6 2 d4 d5 3 Nc3 dxe4 4 Nxe4 Nd7 5 Bc4 Ngf6 6 Ng5 e6 7 Qe2 Nb6 8 Bd3 h6 9 N5f3 c5 10 dxc5 Bxc5 11 Bd2 0-0 12 0-0-0 Na4! A novelty created by the London GMs Hodgson and Watson, which gives Black improved counterplay in the normally cramped Caro-Kann Defence.

13 Bb5 Bd7 14 Bxd7 Qxd7 15 Nh3 Rac8 16 Kb1 Qc6 17 Bc1 Nd5 18 Qc4 Rfd8 19 Ka1? Encouraging Black's attack; better 19 Ne5.

b5 20 Qe4 Be7 21 c3 Qa6 22 Ne5 Bf6 23 Ng4 Naxc3! Winning by force. 24 bxc3 Bxc3+ 25 Bb2 Rc4 26 Qf3 Bxb2+ 27 Kxb2 Rc2+ 28 Kxc2 Qxa2+ 29 Kd3 Qc4+ 30 Resigns. If 30 Kd2 Nb4+ 31 Ke3/e1 Nc2 mate.

Chess No. 1003



L. Gurevich v M. Hennigan, Hastings 1993-94. Black (to move) can win by Qf2+, but instead went 1...Rb8 planning a quick mate. What did he miss?

Solution page XVIII

Leonard Barden

BRIDGE

My hand today comes from teams-of-four:

N
♠ 10 8 5
♥ A Q
♦ A K J 7
♣ A 9 7 5

W
♠ 7 6
♥ J 6 5 4 3
♦ 10 8
♣ Q J 10 2

E
♠ 2
♥ K 9 8 7
♦ Q 9 5 2
♣ K 6 4 3

S
♠ A K Q J 9 4 3
♥ 10 2
♦ 6 4 3
♣ 8

With neither side vulnerable, North dealt and bid one club. South replied one spade and North re-bid two diamonds. South said three spades. This jump in an already forcing situation shows a solid suit of at least six cards. North's raise to six spades closed the auction.

West opened with the club queen. Taking with dummy's ace, declarer drew trumps with ace and king, cashed the diamond ace and came to hand with a club ruff. He finessed the knave of diamonds, losing to the queen, won the club return, crossed to the spade 10 and cashed the diamond king. The suit did not break, so he ruffed a club and finessed the queen of hearts. One down.

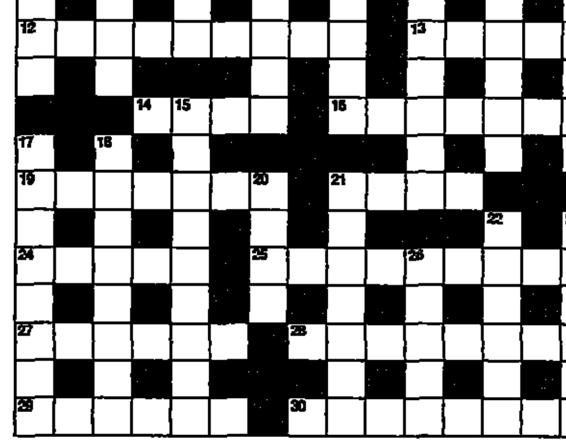
In room two South, also in six spades, showed better technique. At trick two he ruffed a club, crossed to the spade eight, ruffed another club, crossed to the spade 10, cashed diamond ace (dropping the eight from West) and ruffed dummy's last club. Both opponents followed. South led a diamond and covered West's 10 with the knave. East won and had to surrender the 12th trick by a red suit return into dummy's tenace. Excellent play.

E.P.C. Cotter

CROSSWORD

No. 8,348 Set by CINEPHILE

A prize of a classic Pelikan Souverän 800 fountain pen, inscribed with the winner's name for the first correct solution opened and five runner-up prizes of £35 Pelikan vouchers. Solutions by Wednesday January 19, marked Crossword 8,348 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 9HL. Solution on Saturday January 22.



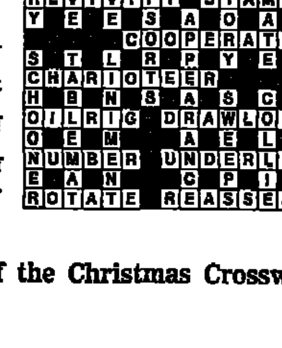
Name..........

Address..........

ACROSS
1 Very inadequate way to summon back (8)
5 Standing way at the FT (6)
9 Need gear change if changing sides (8)
10 A second-class way out of Britain (6)
12 Way to transport Williams's desire (9)
13 French port in English, partly or wholly on sale (5)
14 Piece of love with exuded matter (4)
16 Leeward Island opposed to a month in reverse (7)
19 Stag eating half loaves at crop-gathering (7)
21 See 7
24 Dead-alive type from Australia backed doctor first (5)
25 A new rope way is a flier (9)
27 Way for a meeting-place (6)
28 Liberation for water-dweller, going back to words of opera (8)
29 Note: way to kitchen on board (6)
30 Way to get some cream with a perfume (8)

DOWN
1 Her pa's upset at part of sentence (6)
2 Occupation of run-up in part of golf course (6)
3 Bird that's very good at golf (5)
4 More than one exponent of mathematics, at home, divides into cubes (7)
6 Setting device forbidden and left on a hill (9)
7, 21 across Way to a complete diet? (12)
8 Church official takes teams to island (8)
11 A reason to be childless in the region (4)
15 Abundance of what's deep until altered (9)
17 Explosive shell causes pushy sort of kid to close noisily (4-4)
18 Protector of miserable worm in prisoner's room (8)
20 Gin to go up? (4)
21 Meaning of "arrière-pensée" reveals a stable character (7)
22 Sound of snake will be demoralising (6)
23 Information about wine (6)
26 Good at golf is capital (5)

Solution 8,347



Solution and winners of the Christmas Crossword are on Page XVIII

Faith makes Durham fizz

***Hugh Dickinson** finds David Jenkins the most exciting and stimulating bishop*

The timing was perfect. Try putting a bomb under the angels and shepherds in July and it would not even make the Parish Mag. But here we are at Epiphany and all the world knows that a senior bishop of the Church of England has taken a pot shot at the three wise men. (These mysterious magi arrived at Bethlehem on Twelfth Night. Um, or didn't.)

The Durham affair has had a splendid run. It was headline news for two days in both BBC and ITN The Radio 4 programme, *The Moral Maze*, devoted a whole bad-tempered hour to it. MPs and peers pontificated disapprovingly. Fellow Bishops sighed. Evangelical clerics railed. The tabloids and the broadsheets devoted column after column to it. Leader writers said the faithless Bishop was a prime cause of the loss of nerve and decline in the Church of England.

It is odd that no-one defended David Jenkins. Very odd indeed. For I have frequently sat in packed halls and churches listening to him hold his audiences enthralled.

Let me state boldly that he is the most exciting, stimulating and faith-enhancing Bishop on the Bench. Who was it who held a sixth-form conference of 300 young people spellbound for an hour after their allotted period was supposed to be over? Who was it who (so the rumour goes) brought the House of Bishops to their feet in a standing ovation after an impassioned speech about faith? Who has had the courage and integrity to share with Christian lay-people the conclusions of a century of Christian scholarship which are taught as a matter of course to the majority of theology students?

Right. David Jenkins.

Here in Salisbury (hardly the heartland of liberal scepticism) he received tumultuous applause from a packed Cathedral after a profound and moving lecture last summer. I know lay and ordained men and women who would say that the Christian faith has only been made believable for them by people such as David Jenkins and others who have dared to be truthful about Gospel Truth.

So it is odd that the media presents an image of an academic noddy, a dried up, liberal sceptic, when he is in reality a dynamic and profoundly believing Christian man with a faith that is both generous and contagious.

How can such a mismatch come about? Well, nothing is so much fun as seeing high-minded religious people at each other's throats. But in this case there is a real and profoundly felt disagreement between two kinds of believing.

There is script faith and seed faith. Each views the other with deep (but Christian) hostility and distrust. There are lots of illiberal and fundamentalist clergy and laity who feel the truth of Scripture is betrayed by the kind of faith which makes David Jenkins fizz.

His seed faith is open, questioning and undogmatic. It focuses on the central core of belief. It is willing to suspend judgment on historical authenticity; it treasures myths which fire the imagination. It distrusts static formulae; it asks people to think for themselves, to respond from the heart to whatever speaks to the heart.

It does not seek to control or manipulate. It believes that God is ultimately mysterious.

For Scripture is not script. It is a kaleidoscope of historical facts, poetry, metaphor and myth which holds truths at many different levels, but all pointing to the claim that God was at work in Jesus.

For the Bishop's critics, by contrast, faith is a construct of authoritative texts, statements of belief and traditional teachings. It is a complete package. To pick and choose would be to set your own fallible judgment against the Word of God.

If the Bible says the angels burst into song over Bethlehem, then you have to believe that a tape-recorder would have picked up the tune. If it says Jesus converted 120 gallons of water into wine, then Château Lafite it was. Allow one stitch to be unpicked and the whole thing will unravel.

Behind this kind of belief is a longing for certainty and a desire for authority. And it is effective. There is a resonance between a public which longs for security and an end to doubt, and powerful and dogmatic personalities who are only too happy to offer it.

It has simplicity, clarity and power. All over the world fundamentalist and conservative religions are making converts. People's lives are being changed. Energies are being channeled in programmes, fatwahs, jehads, crusades and missions. Liberals are demonised, along with the new age, yoga, and socialism.

By its nature script belief is highly sympathetic to right-wing politics and hostile to causes such as equal rights.

By contrast seed belief seems vague, equivocal and woolly. It distrusts the techniques of mass persuasion.

It refuses to offer factitious certainties to the vulnerable and uncertain. To children and the simple-minded it seems hesitant and confusing. And yet for many people who dislike the dogmatism of script belief it offers a way of believing which treasures intellectual integrity and recognises that truth is many-layered.

But given that believers do divide into these two opposing camps, how is it that all the nobs and commentators are so hostile to the Bishop of Durham?

Is our society deeply authoritarian? Do we do not want people to think for themselves?

To my mind it is patronising and offensive to suggest that Christian lay people should not be told the conclusions of 100 years of theological scholarship. It is like saying: Don't tell them the earth is round; they'll all be terrified of falling off.

Many more would be Christians if they did not have to believe in unbelievable accessories, because then they could hang on to the simplest and most cogent formula I know: God is. As he is in Jesus. Therefore we have hope.

That is what David Jenkins is saying.

■ *Hugh Dickinson is Dean of Salisbury*

Trevor Humphries

Interview / **Lucy Kellaway**

And finally . . . coffee at the Ritz

Trevor McDonald recalls his early days in Trinidad, his dangerous assignments, and his rise to number one newsreader

There was little danger of missing Trevor McDonald at our appointed meeting place, the Ritz. For the sole anchor on ITN's News At Ten is surely the best known black man in Britain, with the possible exception of Frank Bruno.

And the viewers love him: a recent Gallup Poll showed that the West Indian with the clipped moustache and even more clipped delivery was streets ahead of his nearest newscasting rival.

McDonald has just written a book about his previous life as a reporter: a colourful tale in which he presses the flesh with everyone from Burl Ives to Saddam Hussein; talks to Colonel Gadaffi in his tent; and chats over a snack of iguana in the jungle with Daniel Ortega. On one assignment he has a submachine-gun thrust in his belly; on another, he wins the toss to be the first journalist to interview Nelson Mandela after his 27 years in prison.

In spite of all this, the reason for his fame is his presence in the blue neon ITN 'spaceship' five evenings a week, reading words from an autocue to up to 7m viewers. Does he think so much fame is justified for doing so little?

"It is easy to say 'how silly'. But on the other hand people want to watch someone they feel comfortable with."

To hear him talk about it, the job sounds a piece of cake: "You have to read well, and construct your sentences clearly."

But if it's that easy, why are some newscasters so much more popular than others? "I don't understand it, but I'm glad it's me they like," he says, then adding after a pause for thought: "It's like reading for the Royal Shakespeare Company – you use all the same tricks."

McDonald refers to the English classics with a frequency that is most un-English. Indeed he speaks an archaic language all his own, sprinkling otherwise plain speech with quotes from Tennyson and words such as "interlocutor" and "ineluctable".

He confesses he is beginning to find his own fame a little frightening: "A lady came up to me in the supermarket the other day and told me that a few days before she had seen me cross the road against the lights. Her little girl said: 'That newsman has broken the law. We must stop watching the news if he behaves like that.'"

But far from looking frightened, he seems amused. He appears to be wearing his fame well, liking the attention, yet not letting it turn his head. "You are built up to be greater than you are," he says, modestly.

One of the things that may explain his popularity as a newscaster is that he comes across as a decent bloke. His book is riddled with examples of his sunny view of the human condition.

But despite his optimism, McDonald is not a Good News man. Indeed he regards the campaign by his BBC counterpart, Martyn Lewis for less gloom and doom on the box as puerile. "It is so far off the agenda of what journalism is about, that I get worried. The function of journalists is to tell what is going on. Not to be social engineers."

He argues that the debate stems from a fallacy. "It is a mistake that the media abhors good news. Some of the biggest money we have spent at ITN recently has been on the collapse of the Berlin Wall and the transformation in South Africa. When there is good news we go overboard. I would love more apple pie. More lunches at the Ritz, more champagne for everyone. But life isn't like that."

For McDonald himself, life these days *is* a little like that. As he sits in his perfect business suit politely asking the waiter for fresh orange juice and black coffee you would think he had been born at the Ritz rather than in Trinidad.

McDonald presents his Caribbean childhood as poor but happy, with a beloved father who made shoes to pay for his children's education. "I really adored my father. He was an educator, disciplinarian, friend, counsellor and drinking buddy. He was not formally educated, but he had an extraordinary view of what was necessary to succeed. He always said: whether you are a doctor, a lawyer or a dustman, you have to strive."

The day his father died McDonald was in Moscow. He recalls how strings were pulled by one of Gorbachev's assistants to get him on the next flight home. "My father would have been so proud that his name was uttered in the corridors of power at the Kremlin," he says.

Although he is proud of his roots, McDonald is low key about being West Indian in Britain. He claims he has never been discriminated against – his colour has neither helped nor hindered his rise: "Racism is not as prevalent in the media as on the milkround."

Characteristically, he is upbeat about race relations in Britain. "This is a multi-racial society. Nothing on God's earth will change it. It is ineluctable, irrevocable. People will learn to adjust."

But surely politicians can do something to help the process? McDonald agrees, hinting that the Conservative government is making matters worse. He deplores those politicians "who stand up at party conferences making speeches for cheap laughs in which they say that they understand the fear of communities being swamped". He argues that a simple declaration from the government of its intention to improve race relations would in itself do much good.

I wonder whether he couldn't do a little more himself to help blacks in this country. He looks a bit uncomfortable. "I visit schools a lot."

He pauses and corrects himself: "To be very honest I don't do it a lot, but whenever I can."

The question seems to have hit a sensitive spot: "I could have done more, but have not had the time. With all the travelling, and trying to keep up the pretence of being a father and a husband, it is not always very easy . . ."

As They say in Europe / **James Morgan**

Good fortune brings pain

Once 1994 got under way I felt a sense of relief. After the (largely miserable) mass-contemplation of its advent, the new year eventually arrived, and no new ghastly event had hit the world scene.

So I turned to the French press to see how it received a flood of good news, as well as news of good floods. This was because, apart from meteorological phenomena, there were a number of rather jolly events that normally might have been expected to raise everyone's spirits, even in France.

For one thing, the *FT* had awarded the country's prime minister, Edouard Balladur, the title Man of the Year. All that got, from *Sud-Ouest*, was a sour rebuff: "There is at least one point of agreement between us and our British compatriots." An Alsace daily remarked that although Balladur had become the *"sacré homme de l'année"* it was in a paper which was "hardly francophile".

Another bit of good news was that an 83-year old widow from the Gard, in the deep south, had won a record FFr60m (£6.8m) on the national lottery, the biggest sum in *loto's* history. Enormous interest centred on the family of Marie-Thérèse Barre ("Granny" to the press) which seemed to be distilled from some daft 1950s black comedy of the French screen.

"Granny" herself had retired years ago from her job at the salt pans of Aigues-Mortes. Then there was her son, Jacques, 41, who is enjoying six months paid medical leave from his job as wayside weed remover for the local council. He had hurt his knee playing football. The daughter-in-law, Sylvie, 35, keeps the books of a small family firm. She had been the first to hear the good news and immediately told the dowager Mme Barre to go ahead and buy the wardrobe she wanted. "She also wants a new TV," said Sylvie.

"Granny told me it won't change her life," Sylvie added menacingly. "You can't go shopping in a village of 5,050 inhabitants in a mink and pearl necklace." It was, of course, Jacques and Sylvie who went to Paris to collect the winnings and give the press conference from their suite at the Ritz. "When I find myself here," said Jacques, "I realise that everything has changed. It was my mother who won, but she was tired and asked me to come. I'm sort of the head of the family."

The joy of the media was, to say the least, confined. The Barre's local paper, *L'Indépendant du Midi*, was particularly bitter: "The game [Loto] is only a supplementary tax in disguise into which millions of victims throw themselves, and from among whom the state carefully pulls a few privileged beings. It is certainly necessary to motivate other players, but to win such sums means what? To escape a life that one has fashioned up to now: to move not to a new social level but to a veritable new social planet, to lose old friends and acquaintances, to find oneself confronted by flattery, speculation and crooked threats . . ."

But even a real tale of crookery failed to lift the national mood. The Burgundy wine scandal achieved little more than a few examples of savage *Schadenfreude*. This uplifting tale is based on the iron rule in Burgundy that no wine can be declassified and sold at a bargain price in order to clear stocks.

Current economic conditions make this a powerful temptation. Any Burgundy sold at a knock-down price arouses tremendous interest. This customarily becomes sheer avarice among those who believe they are innocently laying their hands on stolen goods. So it was that 750,000 bottles were sold for FFr25 (£2.85) each on the basis that they were in fact declassified pommard or chablis. The fraud was perpetuated because victims did not complain for fear of exposing themselves as "mugs".

The wine was in fact from Languedoc and Roussillon, and the regional paper, once again *L'Indépendant du Midi*, gloated. Its readers among local wine growers had long been accused of faking claret and now their products had been used in the fabrication of the more prestigious Burgundy crus. "What a fine revenge for the producers of the *Midi*," wrote the paper. "After all, one lends only to the rich."

This opaque statement reflects a typical regional attitude vis-a-vis those who dwell in other, more privileged, regions. "Lending" their inferior wines to those others, and trying to swindle the rest of the country, gives greater pleasure than a windfall of FFr60m.

The duc de la Rochefoucauld noted 300 years ago in his famous *Maxims* that the misfortune of others, even friends, gives us a certain pleasure. *L'Indépendant* proves that, and the reverse: their good fortune can cause us some pain.

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Setting the right tone

Michael Thompson-Noel

Funnily enough, I *like advertisements*. This liking of adverts – peculiar in a journalist – stems from a fondness for advertising itself, and for the men and women, plus those in between, who work in ad agencies. What funsters they are – witty, intelligent and able to conceal, like master magicians, their suspicion, or conviction, that helping to sell dogfood or a twee brand of after-shave is a ridiculous occupation for people of talent.

I used to write about the ad business for the *FT*, and was lucky that my four-year stint (to 1982) coincided with prodigiously gushing ad budgets. Those were the glory days.

I lunched and dined with the chairmen of all the brightest agencies, and enjoyed their company greatly. They were all wealthy men; some were quite eccentric. One of them used to pretend to himself that I was a particularly callow youth. I expect it gave him a buzz. He always ordered my food, and once told the waiter to cut up my steak. If I visited him at his agency he would offer me sweet sherry.

Once, in a restaurant, he decided the time had come to explain the nature of the relationship between agencies and their clients.

HAWKS & HANDSAWS

"What you need to know, Michael, is that in all practical respects, an agency is like a knocking-shop. Just look at an agency's clients, especially the out-of-towners – oinks in shiny suits. (I imagine he meant "oik"; he often muddled words.) All year, these oinks make hair-gel or catfood or something else revolting.

"The only glamour in their lives is when they come to London to visit the agency to see what they are getting for these *enormous* sums of money that the agency is charging them. So we show them the house-reel and wine them and dine them and pander to their needs, no matter how basic. Then back they go to the provinces, to their grey little lives, to make some more catfood. We whore for them, you see."

Yes, I still enjoy advertisements. I read one the other day. It has given me an idea. It was in *The New Yorker*, where the ads often outsparkle the stuff that keeps them apart. It was a house-ad for reader services offered by *The New Yorker* itself. "Use our convenient touch-tone phone line," said the ad, "to hear special messages about the quality products and services listed below. Call toll-free from any US touch-tone phone."

One of these products was Tilley Endurables: "'*The best travel and adventure clothing in the world*': classically-styled, long-lasting, comfortable clothes with secret pockets . . . And, of course, the Tilley Hat. The 68-page catalogue is a hoot! For your free copy, please call: 30238."

Other products and services on offer included a sweepstake offering a trip for two to "fascinating Malaysia and surprising Singapore"; holiday news from Remy Martin; and *Loro Piana Italian fabrics*.

This touch-tone business is clearly intended to help foster closer ties between advertisers and their customers. Perhaps it is an old idea; if so, I haven't noticed it. But I am attracted by its niftiness. As a result, I am setting up a touch-tone phone operation of my own. Examples of services that I plan to test-market:

The John Major Pre-Retirement Programme: "Hello. This is John Major. Like me, perhaps you are anticipating sudden retirement in the not too distant future. If so, you will be cheered to know that there are numerous activities to which the retired person can devote his or her energies. I myself plan to take up train-spotting – if I can find any trains! – and possibly home baking, just to surprise Norma. I have produced a bumper leaflet which explains the full range of activities *available* to us once we leave the world of work. If you would like one, please speak after the tone . . ."

Norman Fowler's Practical Guide to Modern-Day Morality: "Hello. People often ask me how we in the Conservative Party can call, with a straight face, for a return to family values when many of our members, some in government, have mistresses all over the place, and other peccadilloes. I myself believe it important not to pre-judge the issue. To keep an open mind. Yet face things squarely. Not run and hide. If you would like to hear more, please speak after the tone . . ."

Probably I'll make a fortune.